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Hearings

ROYAL COMMISSION
ON COASTING TRADE

UNIVERSITY OF TORONTO
1955

VOL. I

PART A

Report Of
First Ottawa Session

Commencing July 11, 1955

pp 1 - 107 incl.





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ROYAL COMMISSION ON COASTING TRADE

Report of hearing held at Ottawa,
Ontario, commencing Monday, July
11, 1955 at 11.00 A.M.

PRESENT:

THE CHAIRMAN, The Honourable Mr. Justice
W.F. Spence.

Mr. W.N. Wickwire, Q.C.)

) Commissioners

Mr. M. Belanger, C.A.)

Mr. D.W. Mundell, Q.C.)

) Commission Counsel

Mr. Paul Gerin-Lajoie)

Mr. H. Kemp

- Economic Adviser to
the Commission

---Mr. G.G. McLeod

- Secretary

---Mr. P. Cimon

- Ass't Secretary

THE CHAIRMAN: Firstly, I perhaps should
say, of course, this is a Commission and not a
Court and therefore there is no bar and any repre-
sentative of any of those submitting briefs should
feel perfectly free to sit up close to the front.
There are some sitting well to the back and if
they wish to move up they may do so.

This is the first public hearing of the
Royal Commission on Coasting Trade. I think it
would be appropriate were I to read an excerpt from



1 the Privy Council Order 308 for 1955 which sets out
2 the Terms of Reference:

3 "To inquire into and report upon all
4 "questions within the jurisdiction of Parlia-
5 "ment, including questions with respect to
6 "Part XIII of the Canada Shipping Act, Coast-
7 "ing Trade of Canada, arising out of the
8 "transportation by water, or by land and
9 "water, of goods and passengers from one place
10 "in Canada to another place in Canada, in-
11 "cluding the Great Lakes, and upon relevant
12 "matters which may in the course of the
13 "Inquiry arise or develop and which, in the
14 "opinion of the Commissioners, should be in-
15 "cluded within the scope of the Inquiry and
16 "Report and, without restricting the general-
17 "ity of the foregoing, in particular to in-
18 "quire into and report upon the following:

19 "(a) the relationship of the
20 "coasting trade of Canada, including
21 "the Great Lakes, to Canadian shipping
22 "and shipbuilding, and the effect on
23 "such shipping and shipbuilding of
24 "the participation in the Coasting
25 "Trade of Canada, including the Great
26 "Lakes, of ships or other marine
27 "craft registered or built outside
28 "of Canada;

29 (b) the probable effects of the
30 "development of the St. Lawrence



1 "Seaway upon the Coasting Trade of
2 "Canada, including the Great Lakes;

3 "(c) the relationship of the Coast-
4 "ing Trade of Canada, including the
5 "Great Lakes to the domestic and inter-
6 "national trade of Canada and to Canada's
7 "external relations; and the effect of
8 "the participation in the Coasting Trade
9 "of Canada, including the Great Lakes,
10 "by ships or other marine craft regis-
11 "tered or built outside of Canada upon
12 "the domestic and international trade
13 "of Canada, and Canada's external re-
14 "lations; and

15 "(d) the necessity, if any, of estab-
16 "lishing different policies and prescrib-
17 "ing special conditions with respect
18 "to the Coasting Trade of Canada, in-
19 "cluding the Great Lakes, applicable to
20 "particular parts of Canada."

21
22 I think that the copy of the said Privy Coun-
23 cil Order and appointment, the Letters Patent under
24 seal and signature of the Under-Secretary of State
25 should be filed as Exhibit 1 in this Commission.

26 ---EXHIBIT NO. 1: Privy Council Order No. 308.

27
28 THE CHAIRMAN: It might be appropriate at
29 this time to introduce the personnel appointed. To
30 my right is Mr. W.N. Wickwire, Q.C., of Halifax, a
fellow Commissioner, and to my left Mr. Marcel



1 Belanger, C.A., of the City of Quebec, a fellow Com-
2 missioner.

3 Counsel for the Commission are Mr. D.W. Mundell,
4 Q.C., and Mr. Paul Gerin-Lajoie.

5 Economic adviser to the Commission is Mr. Kemp.

6 The secretary to the Commission is Mr. G.G.
7 McLeod, and the assistant secretary is Mr. Paul Cimon.

8 Commission hearings will take place during the
9 present week from today until Thursday inclusive in
10 this courtroom and will thereafter be at 10.00 o'clock
11 in the morning and 2.00 o'clock in the afternoon.

12 The order of submission of briefs for this hearing
13 has been determined as follows: today, July 11, the
14 Canadian National Railways and the Canadian Pacific
15 Railways. July 12, the Canadian Catholic Federation
16 of Labour and the National Metal Trades Confedera-
17 tion, the Canadian Congress of Labour and the Trades
18 & Labour Congress. July 13, the Canadian Shipbuilding
19 and Ship Repair Association, the Canadian Ship Owners
20 Association and the Canadian Industrial Traffic.
21 Thursday, July 14, the Dominion Marine Association.

22 Thereafter the Commission will hold hearings
23 at the following places and times: in St. John's,
24 Newfoundland, on Monday, July 25 at 2.00 o'clock,
25 and on July 26 and July 27 at 10.00 o'clock in the
26 forenoon. In Halifax, Nova Scotia, on Tuesday,
27 August 2, Wednesday, August 3, and Thursday, August
28 4. In Charlottetown, Prince Edward Island, on Fri-
29 day, August 5. In Saint John, New Brunswick on
30 Monday, August 8 and Tuesday, August 9 and Wednesday



1 August 10, the latter if hearings are required to pro-
2 ceed at length.

3 In Port Arthur, Ontario, on Monday, August 22
4 at 2.00 P.M., and Tuesday, August 23. In Winnipeg,
5 Manitoba on Wednesday, August 24. In Victoria,
6 British Columbia on Monday, August 29 and Tuesday,
7 August 30. In Vancouver, British Columbia on Wednes-
8 day, August 31 and Thursday, September 1, and Friday,
9 September 2. In Edmonton, Alberta on Tuesday, Septem-
10 ber 6, and Regina, Saskatchewan on Thursday, September
11 8 and on Friday, September 9, if necessary, in
12 Winnipeg. Thereafter it is intended to arrange
13 public hearings in the Province of Quebec and in the
14 Province of Ontario outside of the City of Port
15 Arthur to which I have already referred. At the
16 appropriate time, well in advance, exact notice of the
17 time and places of these hearings will be given both
18 by newspaper publicity and by correspondence with
19 those who have filed briefs.

20
21 Now, a few words as to the procedure at hear-
22 ings. In the first place, all those who have filed
23 briefs should, I think, realize that the Commission
24 is very grateful for the assistance which they have
25 given to us in our consideration and they certainly
26 will know when their brief is being considered we
27 have read and digested the contents of those briefs.
28 The briefs have been mimeographed. The first
29 volume is ready now and the subsequent volumes will
30 be ready this week so that by the end of the week
there will be mimeographed copies in bound volumes



1 of all briefs submitted, and of course anyone who has
2 submitted a brief is free to obtain mimeographed
3 copies of all briefs and may do so by seeing Mr.
4 McLeod at 490 Sussex Street in this city.

5 It may prove necessary to obtain from those who
6 have submitted a brief some additional information.
7 Please comply with the request of Mr. McLeod or Mr.
8 Kemp for such additional information in the same fine
9 spirit in which you have complied with our request to
10 submit briefs in the first place.

11 At the hearing counsel for an interest who has
12 submitted a brief should feel that it is then incum-
13 bent upon him to submit such support of or elabora-
14 tion of a brief as he deems fit. If it is a matter
15 of adducing evidence, witnesses will be called and
16 sworn and examined by the counsel who is supporting
17 the brief. Counsel for the Commission will have an
18 opportunity to ask such questions as he deems fit.
19 It has occurred to the members of the Commission
20 that counsel for other interests might also wish to
21 cross-examine a witness adduced in support of any
22 brief. If they should so desire will they please
23 arrange with counsel for the Commission, Mr. Mun-
24 dell or Mr. Gerin-Lajoie, and the appropriate pro-
25 cedure will be agreed upon between counsel at that
26 time.

27 As you will have noted, the hearings of the Com-
28 mission are being taken verbatim by court reporters
29 and transcripts of either all hearings or the por-
30 tions which any interests desire to refer to may be



obtained from the Supreme Court Reporters; 145

1 Yonge Street, Toronto. Of course, we have arranged
2 for very skilled reporters and I think you will find
3 a satisfactory transcript available.

4 I think that is all I should say by way of
5 opening remarks. You will realize that we have a
6 most difficult and most important task at hand. I
7 am sure you will believe that the Members of this
8 Commission will give of the very best of their ability.
9 We look to you gentlemen for very considerable assis-
10 tance.

11 I should have of course also mentioned that
12 after the hearings which I have outlined in detail
13 and to which I have referred, there will be a final
14 hearing in this City of Ottawa where an opportunity
15 will be given to any interest to make reply argument
16 and deal with matters that have come up in the various
17 hearings of the Commission throughout the Dominion of
18 Canada.

19 You will have noticed perhaps that I have
20 referred to hearings in other Provinces in Canada
21 and there would be, I presume, much that is said at
22 those hearings which counsel will desire to make
23 the subject of comment during the final hearing in
24 Ottawa. With those introductory remarks I should
25 call for the submission of the first brief, the
26 Canadian National Railways.

27 Proceed, Mr. Cote, please.

28 ---Mr. Lionel Cote, Q.C., appears for the Canadian
29 National Railways.

30 MR. COTE: Does the Commission wish that
the brief be read?



THE CHAIRMAN: No. I perhaps omitted that.

1 Speaking generally there is no need for counsel to
2 introduce a brief by reading it. I think you may be
3 sure that all members of the Commission and counsel have
4 read and digested the briefs. It may of course be
5 necessary for you to read for the purpose of emphasis
6 in your introduction of some consideration of some
7 topic some excerpt from the brief. Feel free to
8 put your case in in the fashion which you deem best
9 but remember you do not have to read the brief. No
10 one has to read a brief.
11

12 MR. COTE: I regret, Mr. Chairman, that I
13 have not available the particular witness which we
14 were going to call to answer questions and to explain
15 in greater detail the submissions we have filed with
16 the Commission, so on that account I would like to
17 have the privilege of having this witness heard when
18 the Commission either sits in Montreal or at the
19 final hearing in Ottawa.

20 THE CHAIRMAN: I think perhaps you should
21 plan on Montreal, Mr. Cote, because it is not pre-
22 sently the view of the Commission that there will be
23 evidence taken during the final hearing. That will be
24 left for the submission by counsel or representations.

25 SUBMISSION OF CANADIAN NATIONAL RAILWAYS

26 MR. COTE: May it please the Commission,
27 the Canadian National considers that coasting trade
28 is only one part of the domestic transportation
29 machinery. Of course, the Canadian National, hav-
30 ing the largest rail system in the country and being



1 also an operator of coasting vessels, both in the
2 Atlantic and Pacific waters, is also a very integral
3 part of that domestic transportation machinery. On
4 that account the Canadian National has a very sub-
5 stantial and direct interest in all the matters which
6 the Commission is to study, and of course it is much
7 interested in anything that might alter the frame-
8 work of competition between rail and water carriers.

9 As a matter of basic policy the Canadian
10 National does not believe that regulations for regu-
11 lations' sake should be invoked or applied to choke
12 other mediums of transportation and prevent effective
13 and vigorous competition as between carriers. The
14 only thing that Canadian National wishes is that
15 competition as between water and rail carriers be
16 established on an equitable basis so that competition
17 can be had and healthy competition between all of
18 them so that none of the carriers engaged in the
19 domestic transportation market will be prevented from
20 performing the duty which is best suited to its
21 ability.

22 There is this great difference between water
23 carriers and rail carriers today, in that the rail
24 carriers live wholly and entirely within a regula-
25 tion framework and they also live within the
26 Canadian price environment, meaning their wages
27 and the prices of their materials are keyed to the
28 Canadian price levels.

29 On the other hand, if we look at the water
30 carriers we find that water carriers are entirely



1 outside the regulation that exists for some of them
2 and that others do not live at all within the Canadian
3 price environment. These differences, of course, pro-
4 duce a very great advantage in favour of those water
5 carriers who are not keyed to the Canadian price
6 level, and with the advent of the waterways, of course,
7 competition in this field is going to be greatly en-
8 larged.

9 For these reasons it is the Canadian National's
10 submission that the number of water carriers engaged
11 in coasting trade in Canada, the coverage of those
12 coasting trade vessels should be enlarged, and we
13 submit that all vessels engaged in coasting trade
14 should be dealt with on a similar basis not only to
15 equalize the chances as between water carriers, but
16 also to make competition more equitable as between
17 water carriers and rail carriers.

18 Under the Transport Act at the moment -- we
19 know, of course, all ships who are engaged in the
20 carriage or transport of bulk goods are outside the
21 regulations under the Transport Act, but as the
22 Commission has already noticed, no doubt, "bulk goods"
23 has a very vague meaning under the Act. The
24 Canadian National does not feel that vessels engaged
25 in the carriage of bulk goods should come under regu-
26 lation, but it feels that the definition of "bulk
27 goods" should be restricted.

28 For instance, under the Act now "bulk
29 goods" covers even flour in bags. We do not feel
30 that should come within the definition of "bulk



goods".

1 We have already exempted from the regulation
2 ships plying between the Pacific and Atlantic waters,
3 ships plying between the Isle of Orleans, so in effect
4 the only vessels that are affected by the regulations
5 are those which ply west of the Isle of Orleans and
6 in the Great Lakes. Of course, I should also mention
7 coasting vessels operating in the McKenzie River;
8 so as to these classes of vessels we feel that all of
9 them plying in our inland waters of Canada should come
10 under the same regulation. We feel also that regu-
11 lations which exempt from the jurisdiction of the
12 Board coasting vessels above five hundred gross ton-
13 nage, that that tonnage should be reduced to one
14 hundred tons.
15

16 As regards the operation of coasting vessels
17 we feel that at the moment we have not got an equit-
18 able and fair basis of competition if we consider
19 that British ships are able to engage in coasting
20 trade in Canada with the same rights and privileges
21 as Canadian ships. There is a tremendous advantage
22 in favour of the British ships as against Canadian
23 ships in that the wages paid on British ships is
24 about a little above one-third of what is paid to
25 Canadian seamen on Canadian ships.

26 Another advantage is that the British ship
27 operator is able in effect to actually ship to
28 Canada without the payment of any duty at all. Of
29 course, that is a great advantage over the operator
30 of a Canadian-built ship.



1 It is also of great advantage over the freight
2 carriers who, for the capital goods they require for
3 the performance of their transportation, have to pay
4 duty on all the capital goods they have to import
5 to perform their services. For these reasons we
6 submit that the British ships -- and we do not wish
7 to bar British ships from the coasting trade of Canada,
8 all we wish is that there be a fair and equitable
9 basis of competition as between water carriers and
10 rail carriers, so that we would submit that, so far
11 as British ships are concerned, that they be allowed
12 to come in but that they be subjected to some duty,
13 Customs duty, so that it would reduce the tremendous
14 advantage that they now enjoy over the Canadian-
15 built ships because the cost of construction of the
16 British ships is something like fifty percent less
17 than what it costs in Canada to produce.

18 Also as to that duty I would submit that on
19 British ships engaged in coasting trade in Canada,
20 they would not have to pay the full duty especially
21 if the ship is engaged only part-time in that way,
22 but we would be in favour of the continuation of
23 the regulations of the Governor-in-Council which
24 permit ships now engaged temporarily in Canadian
25 coasting trade to pay Customs on a per diem basis.
26 For instance, we would not wish that British ships
27 would be called upon to pay the full cost of a duty
28 on their ship if they are here only for a limited
29 time, but that there should be some basis of making
30 them assume the share of that cost corresponding with



the time they spend in the coasting trade.

I would submit also that other British ships engaged in the coasting trade of Canada should also be subjected to pay the wages in keeping with the Canadian wage level, and as to the duty -- well, of course, that is a matter that may need review or that may fluctuate from time to time.

We make certain representations here by way of amendments to the Transport Act of the Canada Shipping Act, Part XIII. We suggest that the duty to be imposed on British ships should be such that it would more or less equalize the differences in the construction costs as between the cost of construction in Britain and the cost of construction in Canada.

Of course, when we come to foreign-built British ships, we should carry into the law the same differential that we have today as between British-built and foreign-built British ships operating in the coasting trade of Canada. The Shipping Act of Canada sets that duty against foreign-built British ships at twenty-five percent.

Of course, if the British-built ship was to be subjected to some duty there should be again a differential as between the duty on a British-built and those which are foreign-built British ships.

These submissions, in brief, all are contained in the submissions by the Canadian National before the Commission. We have in the brief tried to advocate the likely form of legislation that would give effect to the submissions of the Canadian



1 National. Of course, it is not perfect and it is
2 far from complete, but it was just to give the Com-
3 mission some indication as to the manner in which the
4 law should be amended to give effect to the submissions
5 which the Canadian National has made.

6 MR. MUNDELL: I am not quite sure, Mr. Chair-
7 man, at this stage until we get the evidence whether
8 there is any point in endeavouring to go into the
9 facts that are suggested or stated in the submission.
10 I think it should be useful, Mr. Chairman, if I may
11 do two things subject to your direction. One is,
12 to indicate to some extent certain facts stated in the
13 submissions which we might like elaboration on at a
14 later stage; and secondly, there are certain state-
15 ments the significance of which may not be clear to
16 the Commission. If I might direct one or two ques-
17 tions to my friend.

18 THE CHAIRMAN: Yes, proceed.

19 MR. MUNDELL: I should like to make it clear
20 if I ask you questions ---

21 MR. COTE: If it is beyond my competence, I
22 shall tell you.

23 MR. MUNDELL: I would like to ask one or two
24 questions. Firstly on the question of fact. In
25 the brief which you will now see we have read, on
26 page 3 you have "Preliminary estimates based on the
27 1953 traffic pattern indicate that with the com-
28 pletion of the seaway some \$38 million, annually,
29 of Canadian National traffic will come within the
30 enlarged scope of water competition". I am not



1 clear as to the exact significance of the enlarged
2 scope. Do you mean it may be total loss?

3 MR. COTE: Well, it would be total loss unless
4 the railway rate went so low, were depressed to the
5 extent it would meet the lower water transportation
6 costs.

7 MR. MUNDELL: I was wondering if it would pos-
8 sibly be of assistance to the Commission to give us
9 an explanation of \$38 million.

10 MR. COTE: Yes. It was our intention to have
11 Mr. Fairweather, the Vice-President of Research, to
12 give you the details of that figure and the type of
13 traffic that would be affected and how depressed the
14 rate would have to be to meet the competition or get
15 within the Canadian price environment.

16 MR. MUNDELL: What I had in mind particularly
17 was, having regard to the seasonal nature of the com-
18 petition and the type of goods or bulk grain cargoes
19 that come from Georgian Bay. That is the sort of
20 breakdown that we had in mind.

21 MR. COTE: Of course, that is traffic that
22 we do not get during the summer season now. There
23 is some that is already allowed. There is some
24 that we hold up but not in bulk traffic.

25 MR. MUNDELL: I was wondering whether you
26 could give it on the bulk traffic and on the other
27 traffic as well.

28 MR. COTE: We will get it.

29 MR. MUNDELL: Then there is one sentence
30 further down on the same page dealing with the



1 establishment of a rational equitable competition
2 framework. You see at the bottom of the page is:
3 "Failure to establish such an environment would have
4 serious implications not only for the railways, but
5 also for the economy as a whole". I am not quite
6 sure that the implications are explained and the pro-
7 bable loss of traffic to the railway. Did you have
8 other implications in mind?

9 MR. COTE: Well, I would prefer if you would
10 leave this one for Mr. Fairweather.

11 MR. MUNDELL: I am only speaking for myself,
12 but I may say ---

13 MR. COTE: We will get Mr. Fairweather so he
14 may answer the questions that you ask at that time.

15 MR. MUNDELL: I hope I am not wasting your
16 time.

17 MR. COTE: Not at all.

18 MR. MUNDELL: There is one other sort of
19 general question. Is the Canadian National Railway
20 in the coasting trade?

21 MR. COTE: We ship in the Atlantic waters for
22 all the services including Newfoundland and the main-
23 land.

24 MR. MUNDELL: I take it you again cannot
25 give a breakdown and description of that?

26 MR. COTE: We will have witnesses to tell
27 you.

28 MR. MUNDELL: One other question. It may
29 not really involve the Canadian National any more
30 than any other shipper, but I think we may need to



1 get information on it, and that is: can the Port of
2 Montreal as presently equipped handle the very large
3 bulk carriers, the bulk grain carriers and lakers?

4 MR. COTE: Well, we will try to develop some-
5 thing on that.

6 MR. MUNDELL: It would affect the degree of
7 competition.

8 MR. COTE: Yes.

9 MR. MUNDELL: On your general submissions for
10 regulations for the establishment of a rational and
11 equitable competitive framework I am wondering whether
12 you can possibly deal with this at a later stage,
13 could not the cheaper shipping, say assuming the in-
14 formation you have given that the foreign shippers or
15 the British shippers are not only cheaper in capital
16 cost but are much cheaper to operate, could not those
17 cheaper services be regarded as import and therefore
18 we would take them as either importing capital goods
19 or at a lower cost than we can produce ourselves.
20 If they were so regarded then would not the effect of
21 the additional Customs duty you propose, the restric-
22 tion of shipping -- you do not propose that?

23 MR. COTE: No.

24 MR. MUNDELL: The additional monetary changes,
25 is that not in effect a simple transfer to eliminate
26 the benefit we get -- it is a transfer of the bene-
27 fit from the user of the waterways to the railway.

28 MR. COTE: No, not to the railway but to
29 equalize the chances as between the water carriers
30 themselves and by giving a fair chance to the



1 Canadian National operated shipping and the Canadian
2 operated shipping. You by the same token acquiesce
3 and put a reasonable basis of competition as between
4 the water carriers and the rail carriers.

5 MR. MUNDELL: What I was really looking at
6 from the railway point of view is that, would it be
7 fair to say, from your answer now, it is really a trans-
8 fer from the benefit of the waterways from the user
9 to the railways. My next question was, would that
10 benefit in any event permit the railways to compete?

11 MR. COTE: Oh, it would be -- I mean to say,
12 to compete -- there is some loss that we are going to
13 suffer if the British shippers, operating at a lower
14 cost, are allowed to come in and depress rates. We
15 will either have to depress our own rates to the point
16 there will be nothing left, or else let the traffic
17 go.

18 MR. MUNDELL: I am hoping you will deal with
19 that question later, but I was wondering if you could
20 explain where, if it is not a transfer, it would be
21 effective, but if it is a transfer on what principle
22 is the transfer made?

23 MR. COTE: You mean a transfer of traffic?

24 MR. MUNDELL: Yes. Suppose I take the
25 position for the sake of argument at this point that
26 we can get cheaper transportation by taking this
27 lower cost service, in effect taking that approach,
28 then we put a tax on the services and the services
29 are lumped together in price, and all water services
30 are kept at a higher rate which the user will pay



so that the railway retains a good portion of their traffic, - that is the object of the excise.

MR. COTE: Not to lose too much.

MR. MUNDELL: Well, then, on what principle do you transfer?

MR. COTE: It is the same principle as applies generally in a lot of other industries that have Custom protection to protect Canadian industries. Take the automobile business in Canada, take the textile business, it is all artificial.

MR. MUNDELL: I am just wondering ---

MR. COTE: You either protect the Canadian operations or else they are going to die and you will have a cheaper rate, but what will be cheaper in the end - well, that is another thing, too.

MR. MUNDELL: That is the point about which I was wondering. You have illustrated on page 7 of your submissions, "From the standpoint of Canada's national accounts, therefore, the apparent savings to be achieved by a diversion of traffic from rail to water carriers under these circumstances would be to a considerable degree illusory."

I was wondering if you could explain that?

MR. COTE: We will later.

MR. MUNDELL: I am afraid I am not being too helpful.

MR. COTE: I think it is very useful indeed to have these questions on the record.

MR. MUNDELL: The next thing is you suggest spreading out or expanding the area of regula-



tions. You omit anything about the bulk carriers from that and would restrict the definition of bulk carriers.

MR. COTE: The coasting vessels engaged in bulk carriers -- well, it is not the type of transport that really the railway can hope too much to compete with, but when you have bulk goods defined, as controlled as they are today, where they include even flour in bags, well, we do not feel that that is bulk transportation.

MR. MUNDELL: Well then, going over to the non-bulk transportation, the principle that you wish -- you want another definition of bulk as it is not the type of traffic that is exclusively limited to the large one-cargo bulk carrier.

MR. COTE: No. The others would be what we call package freighters, anything that is baled.

MR. MUNDELL: I think you have to understand the description of package freighters.

THE CHAIRMAN: I have been thinking of that but it seems to me that the Canadian National Railways' submission would exclude a ship from the definition of being a bulk carrier unless it carried one kind of freight and one kind of freight only and was designed to carry that, a pretty big tanker, because some ships are capable of carrying various kinds of bulk. That is not in tankers but nevertheless they carry south from the Lakes one kind of bulk; going north from the Lakes a very different kind of bulk, coal and grain. Now, do you intend that exclusion?



1 MR. COTE: Perhaps our definition may be
2 faulty. I will admit that. What we want excluded
3 is vessels constructed to carry goods in bulk whether
4 it is iron ore or coal or grain or oil.

5 THE CHAIRMAN: Any vessel constructed so that
6 its cargo will be carried not in any container but
7 just by loading it in?

8 MR. COTE: Yes.

9 THE CHAIRMAN: Proceed, please.

10 MR. MUNDELL: Coming to the non-bulk traffic
11 in the matter of regulations, I think you said that
12 the Canadian National Railways did not propose regu-
13 lations for regulations' sake, but on what principle
14 does the Canadian National Railway at the present
15 time advocate this extension of the present regula-
16 tion? What object is it proposed to achieve, if
17 any, to extend the regulation?

18 MR. COTE: With the advent of the seaway of
19 course there will be a lot more British ships engaged
20 in coasting trade in Canada. In other words, unless
21 you extend as it is now there are quite a number of
22 British ships that are not built to engage on the
23 Great Lakes, the canal is so limited in capacity
24 now it would not pay the British ships.

25 MR. MUNDELL: I am wondering is it for the
26 purpose of excluding the vessels or is it for the
27 purpose of regulating the rates?

28 MR. COTE: Well, we do not wish that regu-
29 lation as it now exists under the Transport Act to
30 be made more rigid. The only thing we say is that



1 all the ships engaged in coasting trade should comply
2 to the Act to get their license, and in proving con-
3 venience and necessity to get their license then they
4 will ---

5 MR. MUNDELL: Is it maintaining the rates?

6 MR. COTE: Oh, no, what the rates are. Of
7 course, if the railway wants to compete they ought to
8 know what their competitor charges for these services
9 as the railway's rates are public and the waterways
10 know what the railway rates are. I think the infor-
11 mation should be available on both sides, to all
12 parties engaged in Canadian competition traffic.

13 MR. MUNDELL:: Not really to fix the rates.

14 MR. COTE: No, that would be done under the
15 Act as it is today. If anybody has a complaint he
16 will go to the Board.

17 MR. MUNDELL: That is not the object. What
18 is the object, Mr. Cote?

19 MR. COTE: No, the filing of that tariff as
20 it is today, the lake carriers would know what the
21 Canadian National rates are insofar as their competi-
22 tors are concerned, and if there is any objection
23 from a carrier question they can always go to the
24 Board and complain.

25 THE CHAIRMAN: On that issue, Mr. Cote,
26 your proposition is that the size of the vessels
27 which should be subject to the control of the
28 Board would be reduced from five hundred tons to
29 one hundred tons. Surely the point when you make
30 that suggestion you have then the necessary economics



1 of the control and a great many ships which can only
2 operate on a day-to-day and cargo-to-cargo basis, for
3 which you cannot make any rules, the very essence of
4 their trade is their ability to carry on without re-
5 gard for such a general ruling. They pick up where
6 they can and they drop where they can. When you deal
7 with vessels from one hundred to five hundred tons ---

8 MR. COTE: Well, no. It is not ---

9 THE CHAIRMAN: What are you aiming at? In
10 short, where are you being hurt by that five hundred
11 ton limitation?

12 MR. COTE: It is is in the aggregate of all
13 these small ships. If you take what they carry and
14 the number of them, well, it amounts to a substantial
15 amount of freight.

16 THE CHAIRMAN: Where, on the Atlantic Coast?

17 MR. COTE: We will try to give you some fur-
18 ther explanation later with respect to that. Of
19 course, I know that there are some services which we
20 need not care about whether they are regulated or
21 not in some instances, but they are always left to
22 the power of the Governor-in-Council to exempt cer-
23 tain classes, where actually they are providing ser-
24 vices in places where there is no competition as
25 between water carriers and rail carriers.

26 THE CHAIRMAN: Yes, but you are asking the
27 Commission to recommend a policy. We cannot con-
28 sider recommendations of a policy where we are go-
29 ing to turn around and say you are exempt from much
30 of this policy. I think the exemption must be con-



1 fined to very special circumstances due to a parti-
2 cular local condition. We are not concerned with
3 that. There is always the power to exempt any statu-
4 tory regulation, but what I was concerned with was
5 the policy of controlling ships between one hundred
6 and five hundred tons on the basis of your suggestion.
7 I suggest to you that is not only so that competitors
8 may know what the rates are, but it is in fact fixing
9 rates by regulation, because you say you have to fix
10 the tariff.

11 MR. COTE: Well, we shall try to have a good
12 deal more information on that, Mr. Chairman.

13 THE CHAIRMAN: Proceed, Mr. Mundell.

14 MR. MUNDELL: One question was suggested to me
15 by Mr. Kemp; have you given any study and can you let
16 the Commission have your views later on what the
17 position would be of the Geneva General Agreement on
18 Tariff and Trade of any increase in duty on, say,
19 foreign ships and our Canadian ships, whether it is
20 possible for us to do that. I would suggest we can-
21 not give any wider preference under the General Agree-
22 ment than exists now, but I was just wondering if
23 you could let the Commission have your views on how
24 your proposition would fit the Geneva Agreement.

25 MR. COTE: Yes, I will consider that and let
26 you have the information on it.

27 MR. MUNDELL: I take it we do not have to
28 make a note of all the questions. We will get them
29 from the transcript.

30 MR. COTE: Yes.



1 MR. MUNDELL: Coming back to something I men-
2 tioned earlier on the possibility that you would have
3 the benefit of any tariff on ships, the tariff plus
4 regulations, shifting again from the possible cheaper
5 rates from the user of the waterways to the railways,
6 would it not be fair to say if the railways are being
7 maintained as general facilities any user should
8 bear his -- this is only talking now -- possibly they
9 should be met by a general subsidy rather than ---

10 MR. COTE: That is another avenue, of course.

11 MR. MUNDELL: Could it be said that is more
12 suitable or less suitable than protection? Can you
13 let us have your view on that?

14 MR. COTE: Yes.

15 MR. MUNDELL: As a matter that should fall
16 on the general public rather than on the particular
17 users.

18 MR. COTE: Yes.

19 MR. MUNDELL: I do not know, Mr. Chairman,
20 whether I have anything further at this stage. I
21 think possibly as we go further we can ---

22 THE CHAIRMAN: Mr. Cote will realize that
23 it is much more difficult for Mr. Mundell to put
24 questions on a brief and an elaborated presentation
25 which is an elaboration of the brief than to put
26 questions to a witness. Therefore, he will have
27 to retain his opportunity to do that when he hears
28 the evidence.

29 MR. MUNDELL: I thought it may be helpful
30 for the Commission to indicate a few views.



1 MR. COTE: Yes.

2 THE CHAIRMAN: Yes, very helpful.

3 COMMISSIONER WICKWIRE: You suggested that
4 this Commission should recommend imposition of Customs
5 duty on ships built in Britain for Canadian operations.

6 MR. COTE: Yes.

7 MR. WICKWIRE: Have you any suggestion on a
8 flat rate of duty or is that a sliding scale of duty
9 to make it comparable to Canadian construction costs?

10 MR. COTE: As indicated in our brief, we do
11 not go so far as to indicate a percentage of duty, but
12 there is in the Act now a duty of twenty-five percent
13 ad valorem on foreign-built British ships.

14 MR. WICKWIRE: Some source has indicated to us
15 that is not sufficient.

16 MR. COTE: Yes.

17 MR. WICKWIRE: What are your views?

18 MR. COTE: I realize that on duty against
19 British-built vessels, I would suggest that the rate
20 of duty would be something that would meet the differ-
21 ential in the cost of construction as between Britain
22 and Canada.

23 MR. WICKWIRE: You would not suggest a fixed
24 amount?

25 MR. COTE: Well, I suppose ---

26 COMMISSIONER BELANGER: Did you suggest
27 forty or fifty percent?

28 MR. COTE: We indicated in the brief at the
29 present date the basis of differential in cost is
30 about forty percent.



THE CHAIRMAN: Thank you, Mr. Cote. Is Mr.

1 Wright present for the Canadian Pacific Railway?

2 ---Mr. J.A. Wright appears for Canadian Pacific Ry.Co.

3 MR. WRIGHT: Yes, Mr. Chairman.

4 Mr. Chairman, subject to your direction, what
5 I would propose to do at the present time would be to
6 present the submission to you. It is a rather short
7 submission and I would like, rather than attempt to
8 summarize it, I would prefer to read it and then I
9 propose to call a representative of our Traffic Depart-
10 ment to expand certain points in connection with it,
11 and it might be helpful to have some further elabora-
12 tion, helpful for the Commission to have some further
13 elaboration on it.
14

15 Now, this is just the opening of this Commis-
16 sion and it may develop during the hearings that there
17 are some further points and some further information
18 which we might usefully convey to the Commission, and
19 I would like to have the right to call further evi-
20 dence in Montreal if the Commission wish to have any
21 further evidence.

22 THE CHAIRMAN: I think you can regard that
23 as your right. Is your witness present?

24 MR. WRIGHT: Oh, yes, he is.

25 THE CHAIRMAN: In view of what I said this
26 morning, is there any necessity to read in whole or
27 a portion of your short brief, or may you presume we
28 have already read your brief?

29 MR. WRIGHT: I assume that all the members
30 of the Commission have read it and in that case I



1 can call Mr. Edsforth.

2 THE CHAIRMAN: Proceed.

3 MR. WRIGHT: Mr. Chairman, we did not antici-
4 pate having to go on until this afternoon. I think
5 that was the schedule which the secretary gave us, but
6 I believe Mr. Edsforth is ready. He did not have his
7 papers earlier.

8 SUBMISSION OF CANADIAN PACIFIC RAILWAY COMPANY

9
10 C.D. EDSFORTH, sworn.

11 MR. WRIGHT: Mr. Chairman, as we have pointed
12 out in the beginning of this brief, it is our submis-
13 sion that the transportation problems of Canada must
14 be considered as a whole, that is, you cannot take
15 water transportation and consider it by itself, it
16 must be considered to the other forms of transporta-
17 tion and particularly rail transportation and the ef-
18 fect which each has upon the other must be considered.
19 Also, in this country we have two forces at work,
20 we have competition and we have regulation and one of
21 the great problems which is always in front of us is
22 a problem of attempting to harmonize competition with
23 regulation. In paragraph 7 of the submission we say,
24 in the third line:

25 "The theory and practice of regulation and
26 "control in the transportation industry is
27 "undergoing critical scrutiny in many quar-
28 "ters as a result mainly of the rapid develop-
29 "ment of highway transportation which is
30 "giving increasing competition to the



1 "railways."

2 Now, I think it might be useful to have Mr.
3 Edsforth enlarge on that paragraph and just indicate
4 to the Commission the scrutiny to which we refer.
5 Mr. Edsforth, you are the Assistant General Traffic
6 Manager of the Canadian Pacific Railway Company?

7 A. Yes, that is right.

8 Q. Located in Montreal?

9 A. Yes.

10 Q. And you have been with the Railway Com-
11 pany how long?

12 A. About thirty-two years.

13 Q. And you have been in the Traffic Depart-
14 ment all that time?

15 A. All that time.

16 Q. I have just referred to the second sen-
17 tence in paragraph 7, would you be good enough to
18 indicate to the members of the Commission the "critical
19 scrutiny" to which reference is made there.

20 A. Well, in that connection we had in mind
21 the recent report of the Presidential Advisory Commit-
22 tee in the United States. That Committee has
23 recently issued a report and made certain recommen-
24 dations to the President with respect to regulation
25 of the different forms of transportation in the
26 United States. I do not know whether the Commission
27 wishes me to take the time to go into those in any
28 detail but, to summarize, it may be said that the
29 objective of this regulation is to make the regu-
30 lations the same for the three major forms of



1 transportation in the United States, that is, the rail-
2 ways, the highways carriers and the water lines.
3 Now, in addition to that recent amendments in the
4 British Transport Act ---

5 Q. Before you go on with the second, Mr.
6 Chairman, I would assume that you have copies of that
7 report, but if not we would be glad to make copies
8 available. It is a printed report, I believe.

9 MR. MUNDELL: What is the title?

10 MR. WRIGHT: Presidential Advisory Committee
11 Report in the United States, it is a public document
12 and we will see that you get a copy.

13 A. I can give some of the highlights of it
14 if you desire.

15 Q. Probably that will not be necessary,
16 Mr. Chairman, if you are supplied with the report.

17 THE CHAIRMAN: No, I do not think it is neces-
18 sary.

19 MR. WRIGHT: It is a document which I might
20 say is well worth reading and it is not very long.

21 THE CHAIRMAN: We will not go through it now.

22 A. In addition to the Presidential Advis-
23 ory Committee Report there have also been recent
24 changes in transportation regulations in Great
25 Britain by a revision of the Transport Act. The
26 general effect of that revision has been to free
27 the railways from a great deal of regulatory con-
28 trol except with respect to their maximum rates and
29 certain other instances where the British Transport
30 Tribunal exercises jurisdiction. The general



1 objective of that legislation appears to be pointed
2 towards giving the railways an equal opportunity to
3 compete with the highway carriers under a regulation
4 framework.

5 Now, coming closer to our own country, there
6 is now a bill before Parliament, Bill 449, dealing
7 with some amendments to the Transport Act respecting
8 the making of agreed charges. That bill embodies
9 largely the recommendations made by the Royal Commis-
10 sion on agreed charges under the chairmanship of
11 Mr. Justice Turgeon. The objective of these regu-
12 lations and a change in the regulations is to give
13 the railways more freedom in the making of agreed
14 charges to meet unregulated competition. It is
15 interesting, of course, to note that while there is
16 some loosening of the restrictions, nevertheless, the
17 Transport Act amendment still does call for control
18 and jurisdiction to the Board of Transport Commission-
19 ers. The main objective is to delete from the
20 present section of the Transport Act certain regula-
21 tions which are more of a hindrance than a help.

22 MR. WRIGHT: Now, Mr. Chairman, we say in
23 this brief that the economic objective which we say
24 should be achieved cannot be achieved unless each
25 form of transportation is regulated to pay off its
26 revenues, its full and fair share of the costs of
27 building, maintaining and operating the facilities
28 which it uses, and also unless the regulation bears
29 evenly on all forms of transportation. We have
30 reviewed in this brief the extent to which each form



1 of transportation pays for its own facilities which
2 it uses and the way in which regulation bears and I
3 think that is all self-explanatory unless it may be
4 that Mr. Mundell or the Commission may wish some
5 further explanation from Mr. Edsforth on that which
6 he will be glad to give. Now, we are suggesting that
7 to accomplish what we submit should be accomplished
8 there should be certain amendments to the Transport
9 Act which we have set out on page 4 of the submission.

10 Now I come to paragraph 16 of the submission
11 and if I may I would like to read part of that:

12 "The possibility of the St. Lawrence Seaway
13 "resulting in greater competition and lower
14 "freight rates on traffic moving between ports
15 "in Canada has economic implications of nation-
16 "al significance in the field of transportation.
17 "It may adversely affect railway earnings on
18 "traffic subject to this competition and may
19 "shift to some extent the burden of railway
20 "transportation costs. The pattern of rail-
21 "way freight rates is such that some commodi-
22 "ties make a much greater contribution to
23 "total railway costs than others."

24 Now, Mr. Edsforth, would you be good enough
25 to elaborate to some extent on the pattern of
26 freight rates in Canada?

27 A. Well, that is, of course, rather a
28 detailed extensive matter but, briefly, the pattern
29 of freight rates in Canada is based on the value of
30 service principle by which the different commodities



1 make different varying amounts of contribution to the
2 overhead requirements of the railways in this way,
3 that for the higher class, the higher type of value
4 goods the freight rates are higher than on the lower
5 or unmanufactured basic commodities. It is a series
6 of graduations, each designed on the basis of what
7 the traffic can reasonably bear in relation to its
8 value so that each commodity or each group of com-
9 modities makes its contribution to the overhead needs
10 of the railway on the basis of its ability to pay.

11 Q. Could you give some examples of what
12 type of traffic carries high rates and what type
13 carries low rates?

14 A. Yes, in a high value category traffic
15 generally are included manufactured goods of various
16 kinds, they are generally subject to the highest
17 rates; lower rates are applied on such basic commodi-
18 ties as coal, iron ore, other ores and concentrates,
19 lumber and forest products, certain products of
20 agriculture.

21 Q. Then, I suppose it follows from that
22 that the higher rate of traffic such as manufac-
23 tured goods makes a much higher, a greater contri-
24 bution to the railways' overhead than the lower
25 rate of goods?

26 A. Yes, calculations have been made
27 that indicate that approximately -- that manufac-
28 tured goods as a class require about thirty percent
29 of the total transportation services given by the
30 railways but they produce almost eighty percent



1 of the total overhead requirements of the railways.

2 Q. Now, the next sentence says:

3 "Likewise the traffic in some areas makes a
4 "greater contribution than that of others."

5 Would you just explain what that means?

6 A. Yes, well, I think that is probably
7 illustrated in the table appearing at the top of page
8 6 of our submission where it is shown that net earn-
9 ings before income tax for a seven-year period in the
10 Canadian Pacific Railway amounted to \$144 million in
11 Eastern Canada.

12 Q. That is the total for seven years?

13 A. That is the total for seven years, yes,
14 while in Western Canada the total for the same seven
15 years totalled in revenue before income tax \$110
16 million. The average revenue per ton mile of freight
17 was \$1.55 in Eastern Canada and \$1.14 in Western
18 Canada. A little further down below that table we
19 point out that two-thirds of the railway mileage of
20 the Canadian Pacific is in Western Canada and nearly
21 sixty percent of its total freight work is performed
22 in the West, but regardless of that, only forty-three
23 percent of the net earnings were derived from that.
24 Of course, again, we say the revenue per ton mile
25 in the West was twenty percent less than in the
26 East for the period mentioned, so that illustrates
27 that the greater contribution being made to over-
28 head in Eastern Canada is more than in Western Canada.
29 Now, that is probably attributable, in a large de-
30 gree at least, and I think we say so in our



1 submission, to the fact that we are required by
2 statute to carry grain and grain products in Western
3 Canada to the lakehead and to the Pacific Coast for
4 export by an Order of the Board at extremely low rates.
5 That is shown in paragraph 18 of our submission.
6

7 Q. That is a half cent per ton mile com-
8 pared with an over-all of 1.8 cents per ton mile on
9 all other Canadian Pacific traffic.

10 A. Yes, and in handling of grain consump-
11 tion, a great deal of our transportation service, I
12 think if I remember correctly in the last year or in
13 1953, at least, handling of grain at statutory rates
14 took about one-third of the total of our services per-
15 formed, but in that year amounted to only about
16 thirty percent of our total earnings.

17 Q. In paragraph 17 it is said:

18 "The major effect of the seaway will be upon
19 "traffic in Eastern Canada."

20 What traffic do you expect will be mainly
21 affected and how will that be affected?

22 Q. Well, of course, the increased competi-
23 tion following the building, the improvement and
24 enlargement of the seaway will vary probably on all
25 kinds of traffic, but so far as we are concerned
26 the main impact will be felt particularly so far as
27 it affects our net revenues on the manufactured goods
28 because, as I have said, those are the high rate
29 goods on which we obtain our greatest contribution
30 to overhead, and it seems quite likely that with the
increase in package freighters on the seaway they



1 will naturally solicit that traffic which makes a good
2 return to them.

3 Q. Will the seaway and the increased activ-
4 ity in the coasting trade have any affect on your rates
5 in Eastern Canada?

6 A. Well, I would certainly expect so to
7 the extent that additional competition so far as,
8 particularly as I said before, manufactured goods, we
9 will either have to see that traffic disappear com-
10 pletely or a large part of it or else reduce our rates
11 in an effort to meet the competition. In either
12 event our net revenue is going to be reduced from
13 either one or other of the forces or from a combina-
14 tion of the two.

15 Q. Now, what effect will all this have on
16 the company's net revenue?

17 A. Well, it will obviously have the effect
18 of reducing our net revenue to the stage that we will
19 have to look to see where we will have to make it up.

20 Q. It is not a case of reducing expenses
21 correspondingly?

22 A. No, we are all past trying to do that.

23 THE CHAIRMAN: If this were a courtroom I
24 would suggest that I have never heard a more lead-
25 ing question.

26 MR. WRIGHT: I am sorry, Mr. Chairman.

27 Now, can you suggest how this loss of revenue
28 could be made up?

29 A. Well, it is something we will have to
30 examine very, very carefully. It looks at the



1 present time as if our only hope is to obtain increa-
2 ses in our freight rates elsewhere. Of course,
3 that presents problems because all our freight rates
4 in Canada have been subject to several increases over
5 the last five years except, and I must go back to it,
6 except the rates on grain and grain products in
7 Western Canada which are already down by statute and
8 have had no increase. Now, it is in that field of
9 the grain and grain products movement that there
10 would certainly seem to be room for substantial in-
11 creases in freight rates which would bring back our
12 revenue position but, of course, we are prevented from
13 making such increases by the fact that they are
14 limited by statute under the direction of Parliament.
15 We would, of course, also have to examine other rates
16 but we are held down in considering increases by the
17 fact of competition, competition imposes limits on
18 your ability to increase rates so that any possi-
19 bilities of increases on other commodities would
20 probably be found to exist only in areas where there
21 is no water competition and on commodities whose
22 rates are low because of the nature of the commodity
23 and which are perhaps not so sizeable, the truck
24 competition. However, there again it is something
25 that we have to study very, very carefully in order
26 to determine whether or not an increase could be
27 obtained without seriously affecting the volume of
28 traffic.

29 Q. Thank you, Mr. Edsforth, I think that
30 is all I wish to ask.



1 MR. MUNDELL: I was wondering if I could ask
2 the witness a few questions and then have a short
3 discussion with Mr. Wright?

4 THE CHAIRMAN: Yes, certainly.

5 MR. MUNDELL: You mentioned the traffic that
6 would be affected in Eastern Canada, that all kinds
7 would be affected but it would be mainly manufactured,
8 could you give any figure on the traffic that is
9 likely to be affected?

10 A. On the dollar volume?

11 Q. Well, say the dollar value.

12 A. No, I am sorry I have not made any
13 estimate of that as yet.

14 Q. Do you think an estimate could be made?

15 A. It is difficult to do, you mean the
16 traffic that is sizeable today or that can actually
17 be taken away?

18 Q. I would think that actually might be
19 taken away.

20 A. That is going to be difficult to say.

21 Q. You might need a crystal ball.

22 A. I would think so.

23 Q. You do not think it could be done?

24 A. Well, I would not say it cannot be
25 done, I would say it is difficult and at best it
26 would be an estimate, of course.

27 Q. Of course, I would think it would be
28 very helpful to bring this thing down to figures
29 if it would be at all possible, I think the Commis-
30 sion would find that very helpful, otherwise it is



1 like financing a pig in a poke.

2 THE CHAIRMAN: What kind of thing are you
3 considering, where are these manufactured goods com-
4 ing from and where are they going and where would the
5 seaway take it away from them?

6 A. Well, of course they move between the
7 port cities, Montreal and Toronto, and the intermed-
8 iate points, Windsor to some extent, London and
9 Chatham and probably up to the lakehead.

10 Q. You say London?

11 A. Yes.

12 Q. Well, I think London is typical of fifty
13 manufacturing towns in Ontario.

14 A. Yes.

15 Q. And is the C.P.R. going to lose much
16 traffic in manufactured goods which has to be carried
17 somewhere from a plant in London to the nearest water
18 docking facilities of sufficient size and then be
19 carried -- St. Thomas, for instance, Port Stanley.

20 A. Port Stanley, I would think.

21 Q. Well, I suggest to you there is not
22 much freight going to Port Stanley today and
23 carried from there to Port Arthur, then up on to
24 the rail again and on to Winnipeg or Brandon and
25 Regina, manufactured goods?

26 A. Yes, sir.

27 Q. I am not speaking of any bulk carriers,
28 I cannot see much danger of your competition being
29 serious on that, for one thing is handling and the
30 second thing is speed.



1 A. Yes, that is true.

2 Q. It seems to me that your losses there
3 are not as you imagine, therefore, I was most inter-
4 ested in Mr. Mundell's question a moment ago to get
5 down to see what the trouble really was.

6 MR. MUNDELL: I was going to bring that up
7 with the type of question your lordship asked. The
8 reasons you gave in the breaking down of it and in-
9 cluding other facts, it is only a seasonable objec-
10 tion.

11 A. That is true.

12 Q. And your shipping operations would be
13 disturbed for seasonal intervals?

14 A. Well, of course, a great deal depends
15 on what rates would be applied to the water carriers,
16 that has a great deal of influence on it, if they
17 have a sufficiently low rate and large quantities
18 it is quite likely that fairly high rates would be
19 for storage operations, that used to be quite a
20 common pattern in the old days in Western Canada.

21 Q. Have you any idea of the quantity of
22 goods, of manufactured goods, moved by water under
23 the present rates?

24 A. I could not give you the volume, there
25 is certainly a movement.

26 Q. Somewhere I heard that it is in the
27 nature of ten percent to fifteen percent of the
28 total travel by water, would that be out of line?

29 A. I would not like to say whether that is
30 right or wrong, I do not really know, that is traffic



1 moving by Canada Steamship Lines by and large.

2 Q. You are talking about package freight
3 now.

4 A. Yes, package freight only, yes.

5 Q. And you say ten percent to fifteen per-
6 cent package freight has been suggested to you?

7 A. Well, that may be, I think Canada Steam-
8 ship Lines handle quite a lot of freight during the
9 summer months.

10 Q. How do their rates compare?

11 A. Oh, they are lower than the railways.

12 Q. I do not suppose it is proper to ask you
13 to cover the whole field but we do not know how much
14 is now moving by water at the old rates and it is a
15 little tricky to arrive at a conclusion.

16 A. It is going to be difficult but we will
17 certainly do anything we can to help the Commission.

18 THE CHAIRMAN: Is your fear that the addi-
19 tional means of water transportation of British ships
20 will come in and make the competition more severe or
21 quoting at rates lower than you quoted a moment ago?

22 A. That is a possibility, Mr. Chairman,
23 that is what we think.

24 MR. MUNDELL: There is one other factor which
25 may be of significance, to what extent would you
26 suggest that regularly scheduled runs would be --
27 I mean, to what extent do you think actually that
28 tramp steamers could cut in on the manufactured goods?

29 A. It again depends on the type of rates
30 they are going to have, they could come in on a



low rate for a spot movement.

1 Q. Is that likely in the manufactured
2 goods industry?

3 A. Yes, it is quite likely, I do not see
4 any reason why it would not happen.

5 Q. I would suggest that ^{the} manufactured goods
6 industry normally has a flow of goods.

7 A. That is true, but for a fairly substan-
8 tial saving in transportation costs they might be
9 willing to make a fairly heavy movement.

10 Q. But in the manufactured goods it is
11 generally a flow proposition?

12 A. It is generally a fairly consistent
13 flow, that is quite true, but I think there are times
14 when there are some pretty sizeable lot movements too.

15 Q. I would think it would be very helpful
16 to the Commission if it is at all possible to esti-
17 mate what the effect would be of the seaway in view
18 of the fact only a small amount moves by boat now
19 during the season and at lower rates at the present
20 time, why will there be an effect?

21 A. Well, I have my answer there and I
22 think it is the only way to put it, we think there
23 will be additional services available in a good
24 many of them all competing for this traffic.

25 Q. And it is purely a matter of the low
26 rates?

27 A. Well, that certainly would be the big
28 inducement, that would be their big selling point.

29 Q. And whether or not they are on
30



regular runs ---

1
2 A. Well, yes, I would certainly think so,
3 yes.

4 Q. Then, you said that as a result of this
5 loss of traffic there would be loss of revenue to
6 the railway which you could only make up by adjust-
7 ment on other rates?

8 A. Yes.

9 Q. Can you give any estimate at all to the
10 Commission as to what the loss of revenue would be?

11 A. What the loss of net revenue would be
12 or gross?

13 Q. Let us put it in all the various cate-
14 gories.

15 A. I cannot at the moment, I do not know
16 whether it is possible to really put a figure on it or
17 not.

18 Q. Possibly we should have an astrologer
19 appointed to this Commission?

20 THE CHAIRMAN: Yes.

21 MR. MUNDELL: He cannot give us a figure on
22 that.

23 A. Not at this moment, no.

24 Q. You say the only place that would be
25 free from competition influence would be the rates
26 on grain if there was to be an increase?

27 A. No, I do not say that is the only
28 point but that is one place where the rates are at
29 an extremely low basis and certainly could be in-
30 creased without running into any competition.



1 Q. I just want to get this clear, I think
2 you did suggest that any increase would depend on the
3 competition atmosphere at the time?

4 A. Yes.

5 Q. I think that is all I have to ask.

6 MR. GERITY: Mr. Chairman, may I ask a ques-
7 tion?

8 MR. MUNDELL: Mr. Chairman, this is Mr. Gerity
9 from the Dominion Marine Association.

10 THE CHAIRMAN: Certainly.

11 MR. GERITY: Are you familiar with the sub-
12 mission of your company?

13 A. Well, I read it two or three times.

14 Q. I am looking at paragraph 20 and I would
15 like to read two or three sentences to you:

16 "Canadian Pacific being interested primarily

17 "in the operation of a railway within Canada

18 "would, of course, prefer that there be no

19 "increase in the competition with which it is

20 "now faced."

21 Later on it goes on to say:

22 "Canadian Pacific offers no objection

23 "to British-built and registered ships en-

24 "gaging in the coasting trade of Canada in

25 "common with other ships of Canadian regis-

26 "try."

27 I would like to refer you to Exhibit A ---

28 MR. WRIGHT: I think you should read the
29 first part of that sentence.

30 MR. GERITY: I certainly will if my friend



wishes, Mr. Chairman.

MR. WRIGHT: I think you are taking it apart from the context.

MR. GERITY: The whole paragraph?

MR. WRIGHT: No.

MR. GERITY: "Nevertheless, so long as a
"licensing system and other provisions of the
"Transport Act, amended as herein suggested,
"are applied and strictly adhered to, Canadian
"Pacific offers no objection to British-built
"and registered ships engaging in the coasting
"trade of Canada in common with other ships
"of Canadian registry."

I would like to refer you to Exhibit A, all these ships under the heading of ocean steamships, are they not all registered in the United Kingdom?

A. Yes, that is right.

Q. Were they all built there?

A. I do not know whether they all were, I think there was one purchased from the French.

Q. Were any of them built in Canada?

A. Not to my knowledge, no.

Q. Do they carry any Canadians in their crew?

A. I could not tell you that, I do not think so.

Q. The inland steamships and the B.C. steamships and the coastal steamships, were any one of those built in Canada?

MR. WRIGHT: I can give you the names of



1 those built in Canada if I may?

2 MR. GERITY: If my friend would be good enough.

3 MR. WRIGHT: The B.C. Lake and River Service
4 ships were all built in Canada. The Princess Alberni
5 was built in the United States; the Princess Louise
6 was built in Canada; the Yukon Princess was built in
7 Canada; Prospect Point No. 1, transfer No. 3, 4 and
8 9, were all built in Canada, and the others were built
9 in the United Kingdom.

10 MR. GERITY: Thank you, Mr. Chairman.

11 MR. MUNDELL: That is all the questions I have
12 of the witness. I would like to raise one or two
13 points on the submission.

14 THE CHAIRMAN: Have you any questions in
15 reply?

16 MR. WRIGHT: No, I have not.

17 MR. WICKWIRE: There are some Canadians employ-
18 ed in C.P.R. ships?

19 A. You mean the ocean ships or the coasting?

20 Q. On the coasting.

21 A. Oh, on the coasting ships there are.

22 Q. You did not mean to imply that there
23 were no Canadians on any of them?

24 A. No, I thought Mr. Gerity's question
25 was directed only to the ocean steamships and I
26 could not answer it -- I could answer it only in that
27 way.

28 MR. WRIGHT: I think he referred only to
29 Trans-Atlantic.

30 A. Yes.



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THE CHAIRMAN: Thank you, Mr. Edsforth.

MR. MUNDELL: Just before the witness leaves, I have a question that has been drawn to my attention, this effect of agreed charges on water transportation, as I understand the agreed charge - and correct me if I am wrong - an agreed charge is made available to a shipper when he will permit the greater part of his traffic.

A. A substantial proportion, yes.

Q. Will that not have a very high competitive value in relation to a seasonal competitor?

A. Well, it does but, of course, any water carrier subject to the Transport Act is in a position to make the same contract or join in one.

Q. So that you do not think that would be --

A. Well, it will be helpful all right, this is more to meet truck competition.

Q. Will it not operate in relation to the shippers too?

A. Well, it won't if they are regulated under the Transport Act because they would have the right to participate in an agreed charge too.

Q. There is something I do not understand, I am sorry. Supposing I have an agreed charge granted on the basis I am going to enter seventy percent of your traffic and another fellow comes in --- ?

A. Well, the agreed charge is made with the carriers, the carriers participating in it, it



1 does not mean all the carriers are going to get seventy
2 percent then, all those parties to it, so if you are
3 working among all the railway companies or as long as
4 they get seventy percent of the carriers which came
5 in ---

6 Q. And you were agreeable to it?

7 A. Yes, they would have to be made a sign-
8 ing partner to form part of the contract. Have I
9 made that clear?

10 Q. Well, I am going to have to think about
11 it.

12 THE CHAIRMAN: You stated that the water car-
13 riers also have the advantage of this agreed carriage
14 division; now, what about a case where there is part
15 of the carriage by water and part by rail?

16 A. Yes?

17 Q. In those circumstances has not the rail-
18 road in its agreed charge system not a very great
19 competitive advantage over the water carrier because
20 they can make an agreed charge through water to rail,
21 where the water carrier can do no more than bargain
22 for the part of the business to, say, Port Arthur?

23 A. Well, sir, any carrier who is now
24 regulated by the Transport Act can join with the
25 railways in making an agreed charge. The Canada
26 Steamship Lines at the present time are parties to
27 saving on our agreed charges.

28 Q. I am thinking of your fear of your
29 competition coming in from overseas, the United
30 Kingdom, they are going to have a chance at that.



1 A. If they are regulated by the Transport
2 Act, as we have suggested, I presume they would have
3 the opportunity to join in making an agreed charge
4 with us subject to making satisfactory arrangements.
5 Of course, if they are regulated under the Transport
6 Act, you see, no carrier under the Transport Act is
7 allowed to join in.

8 Q. What I am trying to find out is whether
9 these people are competitors or whether they are your
10 partners.

11 A. Sometimes both, Mr.Chairman.

12 Q. If they come in as partners and you
13 turn them into -- if they come in as competitors you
14 turn them into partners by making the agreed charge
15 agreement?

16 A. It would be this way: supposing they
17 join us as the Canada Steamship Lines have done in
18 making an agreed charge from Toronto to Regina, we
19 would have one rate by rail, somewhat lower rate by
20 water and rail, and from there on it is up to us to
21 get all the business we can from our individual
22 solicitation but the rate pattern is there. Pro-
23 bably a matter of service would enter into it.

24 Q. That is what I mentioned before.

25 A. As long as the rates are in a proper
26 regulated way, that is the way we feel about it.

27 Q. What do you mean by a properly regu-
28 lated way?

29 A. With the same form of regulatory con-
30 trol as in the case of an agreed charge which must



B/4

1 be filed on the Board of Transport Commissioners
2 and we are bound to observe the terms of that agreed
3 charge including the rates, and everyone knows what
4 those rates are.

5 Q. With the United Kingdom shippers who are
6 in the Great Lakes this morning, something over eight
7 hundred have gone to Toronto this year already, they
8 are subject to that now, are they not?

9 A. To the extent that they would handle
10 any inter-coastal business, I would say.

11 Q. That is all we are concerned with.

12 A. Yes, and I do not know that they have
13 handled any or much, not to my knowledge, but to the
14 extent of that only it would be subject ---

15 Q. They have not handled it to date because
16 they are inefficient in their operations because they
17 are only twenty-eight hundred tons and you can beat
18 that type of competition.

19 A. Yes.

20 Q. Are there any other questions?

21 MR. MUNDELL: No, I have finished with this
22 witness.

23
24 ---The witness retires.

25
26
27
28 MR. MUNDELL: I had misunderstood my friend,
29 I thought he suggested the possibility that there
30 were going to be other witnesses in Montreal later
on, is that correct?



1 MR. WRIGHT: I think there is a possibility
2 we may wish to call somebody else in Montreal.

3 MR. MUNDELL: I wondered if I could raise one
4 or two questions on your submissions and clarify them
5 at this stage? You suggest two basic principles,
6 on page 3 at the top of the page, and I just wondered
7 if it would be correct to say that paragraph (a) has
8 never applied to the transportation industry in
9 Canada or any part of it?

10 MR. WRIGHT: Well, the Canadian Pacific.

11 MR. MUNDELL: Is very heavily subsidized at
12 the outset.

13 MR. WRIGHT: I do not want to get into a
14 discussion on subsidies at this stage, but those sub-
15 sidies were for new construction, generally speaking.

16 MR. MUNDELL: Capital cost really.

17 MR. WRIGHT: Capital cost and the country has
18 had full value from them by reason of the construction
19 of the railway or by reason of the low rates it has
20 had since then from these subsidies recently on the
21 West Coast for the purpose of keeping lines in opera-
22 tion which otherwise would not operate because they
23 cannot pay.

24 MR. MUNDELL: I was just thinking, if it was
25 a principle that had been applied in its pristine
26 purity to any part, thinking of aircraft, ships,
27 railways, certainly not to the whole industry.

28 MR. WRIGHT: We think we are paying our
29 costs.

30 MR. MUNDELL: I would think you are probably.



1 THE CHAIRMAN: That comes in also in the
2 first few words of paragraph 13:

3 "The railway companies pay fully for
4 "the cost of the rights of way -- "

5 MR. WRIGHT: That is right.

6 THE CHAIRMAN: Have they done that? I mean,
7 you get considerable ---

8 MR. WRIGHT: Well, we say we have. Yes, there
9 is no doubt about the land grants.

10 THE CHAIRMAN: Well, are they not -- this is
11 in direct contradiction to the submissions. I am not
12 attempting to argue at all as to whether or not policy
13 of making land grants was correct but once it was
14 made you have submitted to me that the railways paid
15 in full for their right of way.

16 MR. WRIGHT: Well, that was part of an origi-
17 nal agreement with respect to the construction of
18 the railway, and the railway put up certain considera-
19 tions and the Government with whom we made the agree-
20 ment put up certain considerations.

21 THE CHAIRMAN: I agree with that, I am not
22 attempting to debate the propriety of the agreement,
23 things like that cannot be controlled by this Com-
24 mission, I am only saying in the light of that
25 history your submission is subject to that excep-
26 tion or must be taken so.

27 MR. WRIGHT: Well what happened in the past,
28 is a fact, there is no question about that.

29 THE CHAIRMAN: It is a fact and insofar as it
30 is a statement of fact is concerned, it is in error.



1 MR. WRIGHT: Well, I would not like to admit
2 that, Mr.Chairman.

3 THE CHAIRMAN: I am sorry to interrupt you.

4 MR. MUNDELL: I was going to ask, on the next
5 paragraph there is something I do not understand, I
6 think it may be misunderstood, I am not sure that I
7 understand what was meant by regulation bearing
8 evenly on all forms of transportation. Does that
9 mean by regulate the rates shall fall in the same
10 rate of return or the same competitive level?

11 MR. WRIGHT: Oh, no, we are not suggesting
12 that, we are merely saying that the water carriers,
13 like the rail carriers, in respect of all the goods
14 which they carry, to file tariffs just as we file
15 tariffs and it is for the Board of Transport Commis-
16 sioners, of course, to rule upon those tariffs and
17 say whether they are too high or too low.

18 MR. MUNDELL: In the light of present cir-
19 cumstances, supposing the seaway was not going in,
20 would you make the same observation?

21 MR. WRIGHT: Well, water carriers have to
22 file tariffs now but only in reference to a small
23 proportion of the trade which they carry.

24 MR. MUNDELL: What would be the advantage
25 of extending the regulation now leaving aside the
26 St. Lawrence Seaway?

27 MR. WRIGHT: Well, it is to put them on a
28 basis more nearly equal to that we are on.

29 MR. MUNDELL: But why put them on? What is
30



the advantage to the public or the competitors?

1 MR. WRIGHT: Well, we are looking at it, the
2 transportation agencies in Canada as a whole and we
3 say they should all be subject to the same regulation.

4 MR. MUNDELL: It is not a regulation for
5 regulation's sake?

6 MR. WRIGHT: Oh, no, we are not asking for
7 regulation for regulation's sake and certainly we are
8 not asking that the water carrier should be regulated
9 to the extent that we are regulated. We are not
10 saying that certain statutory rights should be applied
11 to water carriers but we say that we are regulated
12 and it is fair they should be regulated.

13 MR. MUNDELL: It is a thing I find a little
14 difficult to understand unless there is something a
15 little more than them being regulated because you are
16 regulated. What public or private interest is ser-
17 ved by bringing them in the same way as you?

18 MR. WRIGHT: Unless the various transportation
19 agencies in the country are able to compete on equal
20 terms we say that the country does not get full
21 value from each transportation agency.

22 MR. MUNDELL: You would bring them under that,
23 make them equal?

24 MR. WRIGHT: They would have to file tar-
25 iffs in respect of all the goods they carry.

26 MR. MUNDELL: Suppose they file really
27 low tariffs?

28 MR. WRIGHT: Well, we will know what they
29 are carrying and ---
30



1 MR. MUNDELL: You are not suggesting any new
2 principle of rate fixing?

3 MR. WRIGHT: Oh, no.

4 MR. MUNDELL: If they can file a low rate
5 which keeps them in business?

6 MR. WRIGHT: Oh yes, we are not trying to tie
7 their rates to our costs or anything like that.

8 MR. MUNDELL: In your proposals on page 4 you
9 suggest:

10 "The licensing and rate regulating pro-
11 "visions of the Transport Act contained in
12 "Parts I, II and III thereof should be extend-
13 "ed to include all ships engaged in the coast-
14 "ing trade of Canada, due protection being
15 "given in the Act to ships now operating in
16 "such trade. In addition Section 5 of Part
17 "I should be amended to make it mandatory for
18 "the Board in reaching its decision on public
19 "convenience and necessity to give full effect
20 "to the considerations outlined in sub-
21 "paragraphs (a) to (d) inclusive."

22 Now, I just wondered, for the information
23 of the Commission whether when you say to give full
24 effect to that judgment that they must consider,
25 they must take into consideration -- I beg your
26 pardon, when you say it is mandatory that they must
27 take them into consideration do you mean that those
28 are the rates that should be applied?

29 MR. WRIGHT: No, the section now says the
30 Board may take it into consideration and we feel



it should be stronger and the Board should be instructed by the legislation that the Board must take it into consideration.

MR. MUNDELL: They would not be binding on their decision, they are just to -- I was going to suggest if they were intended to be binding would it be possible to get any new traffic into the waterways if they were binding, if this must be considered?

MR. WRIGHT: They must take into consideration any competition, they cannot make their decision without taking that into consideration. Now, what weight they give to it is another matter, I would say.

MR. MUNDELL: It is not that these would be binding rules crippling their decision?

MR. WRIGHT: Well, I am not sure that I follow you but all we are asking is that the Board shall be required to take these things into consideration and after considering them make their decision one way or the other.

MR. MUNDELL: Do I understand that you suggest these are not taken into consideration now?

MR. WRIGHT: I am not suggesting that at all, no.

THE CHAIRMAN: If the statute says the Board may consider facts (a), (b), (c) and (d), what practical change are you making by saying that the Board shall consider facts (a), (b), (c) and (d)? I suggest to you that it is impossible to believe that rational men would not with the words they may



consider (a), (b), (c) and (d) would want them that anybody could say, "We are going to rule them out of our consideration altogether". Now, if you cannot control their consideration, if you cannot say, having seen that factor they must act in a certain fashion you are not putting them in that position at all, then what difference does the word "shall" make to the statute?

MR. WRIGHT: I think for all practical purposes it may make no difference but you may have a case where it is obvious from the decision that a certain factor has not been taken into consideration and it could affect the result of appeal.

THE CHAIRMAN: I suggest to you that the weight in your view which you give in your consideration is not the weight that is given to it by the Board.

MR. WRIGHT: That could be, too.

THE CHAIRMAN: I do not think you would ever see a situation where the consideration -- I do not see how it would be possible to carry it on in the fashion in which you say.

MR. WRIGHT: Well, I have seen it working before Boards, with these licensing Boards, Highway Boards, that it is not necessary for the Board to take into consideration certain things, it is matter of discretion with them and they may disregard it if they so please.

THE CHAIRMAN: Having considered and determined that it has not the weight which one wishes



1 to attach to it but disregard of it does not mean
2 failure to take it into consideration.

3 MR. WRIGHT: Well, as it now reads it says
4 the Board "may" take into consideration (a), (b), (c)
5 and (d).

6 THE CHAIRMAN: Well, it is a small point.

7 MR. WRIGHT: I do not think it is very im-
8 portant.

9 MR. MUNDELL: It would have been very impor-
10 tant if you had said these rules must govern.

11 THE CHAIRMAN: Oh, definitely.

12 MR. MUNDELL: I think I understood you to say
13 with regard to paragraph (b) of your proposals, sub-
14 section 2, with the same regulation respecting tar-
15 iffs so at least you are not advocating any new
16 principles of regulation which, I suppose broadly
17 speaking, would be a reasonable return.

18 MR. WRIGHT: No, just an extension to all
19 goods.

20 MR. MUNDELL: No new principle?

21 MR. WRIGHT: No.

22 MR. MUNDELL: And if it resulted in much
23 lower tariffs under the new regulation system that
24 is acceptable as far as the regulatory end of it
25 goes?

26 MR. WRIGHT: Yes, we would just have to
27 meet that.

28 MR. MUNDELL: Then, with respect to the
29 listing of tolls and charges for facilities in or-
30 der that the water traffic would be bearing the full



1 costs, on page 4, paragraph 14 you mention capital
2 costs and expenditures and accumulated deficits and
3 so on, what would your proposal as to a fair basis
4 for these tolls be for the future? I do not suppose
5 you want us to go back, that you are suggesting that
6 the tolls go back and pick up all the past deficits?

7 MR. WRIGHT: Well, I do not think we would
8 go so far as to say that tolls should go back to pick
9 up, for instance, deficits on account of maintenance
10 and operation. We would go so far as to say that
11 we think that some fair charge should be made for
12 present facilities which future users of these facilities
13 do make. Now, just on what basis that charge
14 should be I do not think that I would want to make
15 a statement just now, but you might have some charge
16 based on cost less a reasonable depreciation or something
17 like that, but we do say that some consideration
18 should be given to the facilities which are now
19 there and which will be used.

20 MR. MUNDELL: I suppose the figure of \$356
21 million, does that include the fourteen-foot canal
22 system around the St. Lawrence which will be in the
23 discard or may be?

24 MR. WRIGHT: These figures are taken from
25 the Department of Transport reports of 1948 to 1953
26 and I would not like to answer that.

27 MR. MUNDELL: Possibly it might include
28 it.

29 MR. WRIGHT: It might, we would not -- any
30 facilities which are discarded, of course, could be



deducted.

1 MR. MUNDELL: If I understand your submission
2 correctly, I would like to see if I have it clearly,
3 you advocate that the shipping industry should pay
4 tolls for the facilities it employs which would in-
5 volve, I suppose, a division between ocean traffic and
6 inland traffic; anyway, tolls for the facilities so
7 used to be brought under regulation as to rates?

8 MR. WRIGHT: That is right.

9 MR. MUNDELL: Which regulation, as I under-
10 stand it, does not necessarily involve any change in
11 rates or might not prevent water rates from operating
12 in the future, is that correct? The reason I am
13 asking is I am wondering what effect you would anti-
14 cipate from the railway point of view in this pro-
15 gramme.

16 MR. WRIGHT: I would not like to answer that.

17 MR. MUNDELL: Surely you are advocating it?

18 MR. WRIGHT: The effect on whom?

19 MR. MUNDELL: On traffic from the railway
20 point of view, do you think they can compete more
21 favourably?

22 MR. WRIGHT: Well, we think they can com-
23 pete more favourably, yes, we would at least be on
24 an equal basis.

25 MR. MUNDELL: On an equal basis, if the
26 regulation is a matter of filing tariffs it is not
27 going to affect the revenue.

28 MR. WRIGHT: Yes, I think it would.

29 MR. MUNDELL: Up or down?
30



1 MR. WRIGHT: At least you have a level rate,
2 you would not have spot rates, the water carriers
3 would have to observe the rates which they file, you
4 would have a degree of stability which you otherwise
5 cannot have.

6 MR. MUNDELL: But they might be stable at a
7 lower level?

8 MR. WRIGHT: Yes.

9 MR. MUNDELL: I am just wondering what the
10 effect of the programme added in tolls to the increased
11 rates, they might go lower as a result of the legis-
12 lation.

13 MR. WRIGHT: You might.

14 MR. MUNDELL: But there would be no change
15 as far as the rates were concerned.

16 MR. WRIGHT: We think it would.

17 MR. MUNDELL: I know you are thinking maybe I
18 am being a little thick-headed but I do not see why.
19 I wish you would explain that.

20 MR. WRIGHT: Well, they would be subject to
21 the -- the water carriers would be subject to the
22 same or similar provisions as those to which we are
23 subject which would, or should, produce reasonable
24 rates and prevent any unjust discrimination.

25 MR. MUNDELL: Reasonable service to the pub-
26 lic or their own costs?

27 MR. WRIGHT: It may be both.

28 MR. MUNDELL: But it would not be related
29 to the railway charges.

30 MR. WRIGHT: That would be for the Board,



1 of course, to determine.

2 THE CHAIRMAN: Then it is rate fixing as dis-
3 tinguished from -- you are speaking of rate fixing,
4 you are speaking of the Board fixing something; a
5 moment ago Mr. Mundell seemed to have a statement
6 from you that the rates be filed.

7 MR. WRIGHT: Well, that the water carriers
8 be subject to the same rules regulating the provisions
9 as we are subject to. I do not know a great deal
10 about rates, but the Board has authority to disallow
11 rates if they consider they are not reasonable or
12 equitable or are discriminatory, but there certainly
13 would be that control over these water rates if the
14 provisions of the Transport Act were complied with.

15 MR. MUNDELL: Thank you very much, Mr. Wright.

16 COMMISSIONER WICKWIRE: I take it your pro-
17 posal is directed mainly at establishing in the Great
18 Lakes, or does that apply also to the coastal shipping
19 on the Pacific and Atlantic?

20 MR. WRIGHT: Well, it applies to all coastal
21 trade.

22 COMMISSIONER WICKWIRE: You make no excep-
23 tion for the Pacific or Atlantic trade?

24 MR. WRIGHT: We are not making any excep-
25 tion, no.

26 COMMISSIONER WICKWIRE: Perhaps you cannot
27 see any necessity that any exception should be made
28 as far as the C.P.R. is concerned for these regions.

29 MR. WRIGHT: No.
30



1 COMMISSIONER WICKWIRE: Your suggestion about
2 tolls and charges being levied against all ships for
3 the use of docking facilities and so on, does the
4 Canadian Pacific Railway own and maintain all of its
5 docking facilities?

6 MR. WRIGHT: I think, generally speaking, it
7 does. On the Pacific Coast north of Vancouver, of
8 course, we use -- we lease some docks and in some
9 places we may use Government docks, but the main docks
10 in Vancouver and Victoria and Nanaimo, those are the
11 three points and Seattle where extensive facilities
12 are required, we own them.

13 COMMISSIONER WICKWIRE: How about Saint John?

14 MR. WRIGHT: I cannot answer that from my own
15 information but it is my impression that we do own the
16 facilities there. I think we constructed some very
17 expensive facilities a while ago to accommodate the
18 new Princess Helene.

19 COMMISSIONER WICKWIRE: Thank you.

20 THE CHAIRMAN: You have no further evidence
21 or submissions at this time?

22 MR. WRIGHT: Nothing further today.

23 THE CHAIRMAN: It would appear that the
24 Commission has nothing scheduled for this after-
25 noon, so the hearing will adjourn until 10.00
26 o'clock tomorrow morning.

27
28 --- (At which time the hearing adjourned at 1.15 P.M.
29 until Tuesday, July 12, 1955 at 10.30 A.M.)
30



TUESDAY, JULY 12, 1955

----- On resuming at 10.30 A.M.:

THE CHAIRMAN: I think for the purposes of the record it would be of some advantage if all representatives of interested persons who are attending could stand and give their names so that the reporter could get them on the record, please. You may start with Mr. Wright of the Canadian Pacific.

MR. WRIGHT: J.A. Wright, Canadian Pacific Railway Company.

MR. COTE: Lionel Cote, Canadian National Railways.

MR. JACKSON: G.E. Jackson, Canadian Shipbuilding Association.

MR. DENNIS: J. Dennis, the Government of the Province of Newfoundland.

MR. GRIFFITH: E.B. Griffith, Toronto Harbour Commissioners.

MR. DIXON: S.G. Dixon, The Shipbuilding Conference.

MR. SERVATIN: N.L. Servatin, The Newfoundland-Great Lakes Steamships Limited.

MR. FISHER: W.J. Fisher, Canadian Shipowners Association.

MR. GERITY: F. Gerity, The Dominion Marine Association.

MR. MacDOUGALL: John Lorne MacDougall, Dominion Marine Association.

MR. DONALD: George R. Donald, Dominion



Marine Association.

1 MR. STECHISHIN: V.M. Stechishin, Manitoba
2 Transportation Commission.

3 MR. RINGROSE: H.J. Ringrose, Canadian Indus-
4 trial Traffic League.

5 THE CHAIRMAN: The Canadian Congress of Labour
6 are presenting their brief first this morning as arranged.

7 SUBMISSION OF CANADIAN CONGRESS OF LABOUR

8 MR. D. MacDONALD: Mr. Chairman, and members
9 of the Commission. I first of all perhaps should
10 apologize for not having checked more carefully on
11 the procedure to be followed in this hearing. It
12 was only at the last moment I discovered that the
13 suggestion had been advanced that we should perhaps
14 attempt to condense our representations rather than
15 presenting them in toto, and in compliance, of course,
16 with that proposal I will try insofar as it is possible
17 to summarize the position of the Canadian Congress of
18 Labour in reference to the important question with
19 which you are dealing.

20
21 I should perhaps first of all say that there
22 are two particular aspects of the problem that falls
23 within your purview about which we are especially
24 concerned, and in that we are concerned with two
25 aspects of each of those problems.

26 The first, of course, is the matter of the
27 shipbuilding and shiprepairing industry. Some
28 years ago we had a very large membership employed
29 in that particular industry. Since the war, of
30 course, as is known by everyone, employment has been



1 constantly declining to the point where it is almost
2 at the moment in our estimation -- although perhaps
3 it would be an exaggeration to say it has disappeared
4 it is at the point of almost being there.

5 We are concerned, too, with the matter of
6 coasting trade insofar as it pertains to shipping as
7 such again because of the fact we have a membership
8 employed in that particular industry.

9 The second aspect of the situation insofar as
10 we are concerned, of course, is as citizens of Canada
11 we are vitally interested in the effect of the pre-
12 sent situation in this industry from the point of
13 view of national welfare. We believe that every
14 effort should be made to put the two industries, or
15 the two sections of the industry, whichever way one
16 wishes to refer to them, back on a sound economical
17 basis, not only from the point of view of providing
18 employment at the present time and adding to our
19 national wealth, but also from the point of view of
20 safeguarding our national welfare in the event of
21 any out-break of hostilities.

22 We have submitted our brief to you and I
23 think that it requires little, if any, elaboration
24 on my part insofar as establishing the fact that
25 employment in the industry of shipbuilding and ship-
26 repairing has been declining steadily over the past
27 number of years, and as we emphasize in our memoran-
28 dum, has dropped about six thousand in the past two
29 years to the point where it represents a decline
30 of about twenty-five percent over that short space



of time.

1 We also have outlined for your benefit the
2 fact that, as is well known, our industry here in
3 Canada is at a disadvantage in as far as competition
4 is concerned, particularly with the United Kingdom,
5 and we have set forth our views on that matter.

6 We believe that the industry as such is an
7 essential one to the economy of Canada and we propose
8 that certain things should be done in relation to it.
9 We believe that there should be a policy adopted by
10 our Canadian Government similar to that adopted by
11 all other maritime marine nations. This could be
12 in the form, first of all, in as far as the two in-
13 dustries are concerned, we regard them to some extent
14 as co-related with each other. We believe that if
15 there was established and maintained a proper merchant
16 marine in Canada, that it in turn would create fur-
17 ther work and employment in our Canadian shipping
18 yards both in initial construction and in repair.

19 We believe that the same protection and same
20 benefits should be given to the industry as is given
21 in these other nations, preferential treatment if
22 you will by whatever means is found most desirable
23 and advisable. We believe, first of all, that
24 there should be construction work given to the ship-
25 yards not only of the type of naval construction
26 which is common today, but also in the form of
27 creating, as I have already mentioned, a new mer-
28 chant marine and maintaining such with necessary re-
29 pairs, alterations, etc.
30



1 We submit as well that in common with practi-
2 cally all the other nations, that a subsidy is not at
3 all unwarranted inasmuch as our industry certainly
4 is placed at a disadvantage competitively with the
5 other industries of other nations with respect to
6 such assistance and subsidies. We do not believe
7 this is contrary to our basic interest or policies
8 to extend that assistance, and we believe that it
9 should be forthcoming. We naturally suggest that
10 the wage rates and conditions in the industry as a
11 whole should be maintained at the highest possible
12 level, both from the point of view of giving to our
13 people the best possible standard of living as well
14 as contributing to our national economy by maintaining
15 a high degree of purchasing power.

16 Insofar as the coasting shipping trade is con-
17 cerned we have pointed out to you the unfair competi-
18 tion on the Atlantic Coast, where one of our affil-
19 iates is particularly interested, and we have pointed
20 out the fact that both the C.N.R. in the Newfoundland
21 services as well as our affiliated organization are
22 placed at a most disadvantageous position in rela-
23 tion to competition from outside as well as from un-
24 organized shipping in the industry itself.

25 Again, as we have suggested in relation to
26 the shipbuilding and repairing industry, we submit
27 that such assistance as is necessary should be ad-
28 vanced or should be forthcoming in order that the
29 industry itself would not be forced into a sub-
30 standard position in relation to wages and that



would work in the interests of our people who are engaged in it by creating further employment and, of course, in the event of war, of doing the job that we all well agree had to be done at the time of the outbreak of the last Great War.

In conclusion, as you will note, we have suggested to you that our shipping and shipbuilding industries have declined partly because of iron and steel replacing wood and steam replacing sails, but further also because we have had this heavily protected and subsidized competition to deal with.

How can we meet that competition? We suggest to you, with due respect, partly by reserving our coasting trade for our own ships as has been done by these other countries and by extending where it is possible and where it is advisable the necessary direct assistance that might be required.

We have finally submitted to you that this policy has been followed in connection with other industries, and we consider it to be consistent to follow the same policy insofar as these industries are concerned.

That, Mr. Chairman and gentlemen, comprises the very brief and unprepared condensation of our submission. Of course, we are only too glad and anxious to answer any questions that might arise from what we have either submitted or said.

MR. MUNDELL: There are a few points, Mr. Chairman, that I think it might be advantageous to have me ask some questions on the prepared



submission made by the Canadian Congress of Labour.

I wonder if it would be helpful to the Commission to have the affiliates of the Canadian Congress of Labour in the shipbuilding and shiprepairing industry -- have a list of them made available to the Commission; would that be possible?

MR. MacDONALD: At this time?

MR. MUNDELL: When convenient.

MR. MacDONALD: I have listed actually the three most important ones in our submission. We have mentioned the Canadian Brotherhood of Railway Employees and our West Coast and East Coast Marine Workers.

MR. MUNDELL: Yes, but I was not clear whether there were others.

MR. MacDONALD: There are others but they are not of as great significance.

MR. MUNDELL: Well, as I understand it, Mr. MacDonald, you are suggesting that for reasons of defence the shipbuilding industry should be maintained, and I was wondering if you would carry that argument over to the merchant marine or shipping industry.

MR. MacDONALD: Yes.

MR. MUNDELL: Has any study been made on your behalf or have you any idea of the magnitude of the shipbuilding industry that should be maintained?

MR. MacDONALD: For defence?

MR. MUNDELL: For defence.

MR. MacDONALD: Not with any degree of



accuracy. However, I was during the last war connected indirectly in my ordinary work ^{with} the shipbuilding industry in the Maritime Provinces and I would certainly have some conception of what was required for them to do. I would imagine that perhaps even much more would be required in the event of any outbreak of hostilities. Of course, I am no militaristic expert as is obvious, and someone suggested yesterday as a matter of fact that in the event of an outbreak of hostilities it might be decided within half an hour as to who would be the victor, and in that case we wouldn't need shipping whatever.

MR. MUNDELL: I am not quite sure as to what you said a moment. You mentioned we should, of course, maintain a shipbuilding industry for defence. Have you any idea what we would require in the event of a third war, even a conventional war?

MR. MacDONALD: Shipbuilding?

MR. MUNDELL: Shipbuilding for the moment.

MR. MacDONALD: I think we should have a nucleus and I think we should have a foundation on which to build, because obviously one of the things that certainly placed us at a tremendous disadvantage, and was proven by the last war, was the fact our merchant marine had been permitted to deteriorate over the years, so that it was practically non-existent at the outbreak of the war. Our shipbuilding and shiprepair facilities were certainly at a low ebb. We had to build ships, build yards, and train personnel at the one time, and at some



1 stages, particularly in the Battle of the Atlantic,
2 it looked to be almost insurmountable.

3 If we maintained a nucleus of shipbuilding and
4 shiprepair, as well as a strong nucleus, I would say,
5 of the merchant marine industry, it would mean that
6 we would have trained personnel as well as have the
7 industry itself available in the event of such a
8 catastrophe.

9 MR. MUNDELL: Do you have any idea of the
10 size?

11 MR. MscDONALD: We have not made any parti-
12 cular study.

13 MR. MUNDELL: Would you know whether it was
14 more or less than the present -- I think you mention-
15 ed fifteen thousand was the figure at the moment?

16 THE CHAIRMAN: Seventeen thousand.

17 MR. MUNDELL: Seventeen thousand eight hund-
18 red and thirty-three as of March 1st, 1955. Would
19 it be more or less?

20 MR. MacDONALD: Oh, I would certainly think
21 much more than that.

22 MR. MUNDELL: If I suggest to you that
23 probably I think the total number employed in the
24 shipbuilding industry during the last war at the
25 peak was about seventy-five thousand, would you have
26 any idea of the rate of diminution if you were
27 trying to go back to it? How fast could you --
28 I am thinking if we can get the rate of diminution
29 and work it back we could probably find the size
30 of the nucleus we require.



1 MR. MacDONALD: No, I would not be in a posi-
2 tion to state that with any degree of accuracy as to
3 what it should be.

4 MR. MUNDELL: If it was seventy-five thousand
5 at the peak would not seventeen thousand today be
6 something more than a nucleus?

7 MR. MacDONALD: Oh, no, no. As a matter
8 of fact, the important factor, the significant factor
9 of this is, as I have tried to point out, that it is
10 constantly declining; in the past two years it has
11 declined by about twenty-four percent. If that
12 ratio of decline should persist it would be a matter
13 of a very short period of time when it would dis-
14 appear entirely.

15 MR. MUNDELL: I understand that the Canadian
16 Maritime Commission in one of their reports advocated
17 a nucleus of approximately seven thousand.

18 MR. MacDONALD: I certainly would not agree
19 with that.

20 MR. MUNDELL: You have no figure of the
21 magnitude?

22 MR. MacDONALD: As I have already indicated
23 I do not agree that seventeen thousand eight hund-
24 red and thirty-three spread over this entire
25 nation that embraces the Atlantic Coast and the
26 Pacific Coast as well as the Great Lakes and rivers,
27 I do not think that is sufficient as it is, or any-
28 thing close to it.

29 MR. MUNDELL: Then I suppose we can go
30 through the same sort of programme for establishing



the merchant marine. You say you have no calculation or figures on the size of that?

MR. MacDONALD: No, I do not have any particular figure on that at all. I certainly think that -- well, I was going to speak about deep sea. I better not do that. That does not come within the terms of reference of this Commission, but certainly the same thing applies to it. I think there ought to be a very, very strong nucleus because in the event of hostilities I think that it is obvious we cannot depend upon the other nations who have right now taken up a great deal of our coasting trade.

MR. MUNDELL: I am not just sure what you mean by that. What is the percentage they have taken up? It is approximately five percent?

THE CHAIRMAN: What are the other nations? You mean United Kingdom registration?

MR. MacDONALD: That is one. There are Panamanian.

MR. MUNDELL: You mean the registry of the ships has gone from the Canadian registry?

MR. MacDONALD: Yes.

THE CHAIRMAN: There are no Panamanian ships engaged on Canadian coasting trade. The only ships permitted under Part XIII of the Shipping Act as it exists today and has existed for years are those registered in the British Commonwealth, so we are not concerned about those at this hearing.

MR. MacDONALD: Sometimes it is rather



1 difficult for us to distinguish between coasting and
2 deep sea because we class them together as a whole.
3 It is quite true that the United Kingdom ships have
4 been engaged, for example, in the coal industry, in
5 transporting coal from the Maritime Provinces up
6 into Quebec and it is our submission that in the
7 event of a war it would be practically impossible to
8 depend upon any ships from anywehre out of the United
9 Kingdom or Commonwealth being of any essential use
10 to our coasting industry

11 MR. MUNDELL: As I understand it, the present
12 percentage of the total coasting trade that is
13 carried in non-Canadian registered bottoms is about
14 five percent.

15 THE CHAIRMAN: Mr. MacDonald's point is that
16 that percentage is perhaps deceptive in that some
17 trade is carried to a certain point. He mentions
18 to the extent of eighty percent by United Kingdom
19 ships which would not be available to us in a war
20 emergency.

21 MR. MacDONALD: That is exactly the point.
22 For example, the coal industry as such in the Mari-
23 times. You cannot, in my estimation, I say it with
24 the greatest possible respect, you cannot group
25 the ships engaged in the coasting trade industry
26 into one lump sum and apply percentage figures to
27 them insofar as that utility is there in various
28 types of transportation. It is utterly impossible.

29 MR. MUNDELL: Coming back to the original
30 submission, you submit that a strong merchant



1 marine of some magnitude should be maintained to main-
2 tain the essential links in the Canadian transporta-
3 tion system. Would you agree with that?

4 MR. MacDONALD: That sounds like a good des-
5 cription to me.

6 MR. MUNDELL: I thought perhaps I should
7 offer it to you.

8 MR. MacDONALD: I am very appreciative of it.

9 MR. MUNDELL: Would you say the size or
10 magnitude of the industry -- you feel it would be ---

11 MR. MacDONALD: That sounds practicable to
12 me. If we are to retain that particular trade and
13 commerce for ourselves as do other nations that would
14 at least permit us that nucleus to which I have re-
15 ferred.

16 MR. MUNDELL: I was wondering whether there
17 is any difference between maintaining a shipbuilding
18 industry and maintaining a shipping industry, the
19 shipbuilding industry, as I understand it, meaning
20 defence.

21 MR. MacDONALD: Yes.

22 MR. MUNDELL: The shipping industry may be
23 put on defence or it can be put on maintaining
24 the essential link of transportation or it could
25 be put on a number of other grounds. Let me put
26 it this way: if it is restricted to the coasting
27 trade to Canadian shipping as a measure of maintain-
28 ing the shipbuilding industry, I suggest to you
29 would it not be correct to say that the effect of
30 that is to transfer from the shipping industry and



1 the users of the shipping industry, and the object
2 there would be cheaper shipping, if that is done would
3 it not be better to have it on a subsidy basis?

4 MR. MacDONALD: I do not know if I am entirely
5 clear. I am not entirely clear on what you said.

6 MR. MUNDELL: The question is rather complex.

7 MR. MacDONALD: But insofar as subsidies are
8 concerned I think I made it abundantly clear at the
9 outset in my remarks that certainly we submit that
10 that is the way the industry will accomplish ---

11 MR. MUNDELL: Well, you are not then wedded
12 to the submission of restricting coasting trade to
13 the Canadian registry?

14 MR. MacDONALD: Oh yes, on that we are. We
15 believe that should be done.

16 MR. MUNDELL: On the grounds of defence or
17 on the grounds of maintaining the essential link of
18 transportation?

19 MR. MacDONALD: Both. In our view one is
20 co-related to the other.

21 MR. MUNDELL: There may be a divergence,
22 would you agree, there are divergent interests be-
23 tween the shipping industry and the shipbuilding
24 industry in that the shipping industry would be
25 interested in getting cheaper ships.

26 MR. MacDONALD: Yes, I agree there may be
27 a divergence, sir, of interest between the two in-
28 dustries, very definitely.

29 MR. MUNDELL: You cannot maintain one by
30 subsidy and the other by restrictions on operations.



1 MR. MacDONALD: Your question is a pertinent
2 one. I agree with you there could be -- we have seen
3 an illustration of it. We have seen, for example,
4 Canadian companies, Canadian ship companies having
5 their ships built abroad. We have also seen them
6 having their repairs done abroad, so certainly from
7 that point of view there could be divergences of
8 interest as far as the two sections or rather the en-
9 tire industry is concerned. There may be others
10 discovered as well but on that point, as is well
11 known to the Commission, some of the other competitive
12 nations just will not permit that sort of thing.
13 They make charges against any of their national ships
14 that have repairs done in foreign countries and they
15 encourage by various means the construction of ships
16 within their own nation or within their own facili-
17 ties.

18 MR. MUNDELL: From the point of view of pos-
19 sible cheaper ships for the purchaser of Canadian
20 ships, having maintained the shipbuilding industry
21 would it not be primarily for their benefit and not
22 for the shipping industry? I am just asking ---

23 MR. MacDONALD: I would not say primarily.
24 There is more than that to be considered. There
25 are certain localities, certain areas, certain groups
26 of people who have been engaged and who have grown
27 up in the industry and I think it is quite natural
28 to maintain them in the industry and make use of
29 their skills, their knowledge and their ability not
30 only in the matter of defence but also from the point



of view of the welfare of our nation as a whole under
ordinary circumstances.

MR. MUNDELL: Well, on page 6 of your brief you state in the third paragraph or the second full paragraph about half-way down the page, "We submit also that the help which such a change in coastal shipping policy would give to us shipyards is the more urgent because of the building of the Seaway, which is likely to have adverse effects on the economy of the Maritime Provinces and British Columbia, where many of our shipyards are." Do I understand these are adverse effects of what may happen to the shipyards of these cities?

MR. MacDONALD: Yes. It is our view, of course, that the completion of the seaway will have perhaps a temporary adverse effect upon the economy of both the Maritimes and British Columbia.

MR. MUNDELL: This is apart from the shipping?

MR. MacDONALD: Apart from shipping, yes, and including shipping. I mean a general adverse effect.

MR. MUNDELL: In what way will there be the adverse effect?

MR. MacDONALD: It is obvious, upon the steel industry of the Maritimes, for example, upon coal, cheaper transportation and competition that the seaway will affect. I think that it is self-evident.

MR. MUNDELL: You have the advantage on me. Do you feel then -- I just want to get this



1 clear, you feel the Canadian coasting trade should
2 be restricted to Canadian bottoms of Canadian regis-
3 try and Canadian-built and, in addition to that,
4 that a subsidy may be necessary. You feel that both
5 these solutions are necessary. You feel you should
6 still restrict Canadian shipping to Canadian bottoms.

7 MR. MacDONALD: Yes. I am talking now of
8 the economy insofar as restriction to Canadian firms
9 is concerned and certainly the economic aspect is an
10 important one, as I have pointed out before, in our
11 national welfare and our national interest both in
12 what may be regarded as times of peace as well as
13 times of emergency.

14 MR. MUNDELL: You are in favour as an essential
15 way of maintaining the transportation system, it
16 should be restricted. That is your submission?

17 MR. MacDONALD: Yes.

18 MR. MUNDELL: Then coming to your final
19 submission with respect to unfair competition on the
20 Atlantic Coast between organized and unorganized
21 groups, I suggest to you possibly that is not a
22 matter within the ambit of the Commission's inquiry
23 but as being a matter more of a labour pattern than
24 coasting trade. I wonder if you would care to
25 comment on that?

26 MR. MacDONALD: We certainly wondered
27 about that and then we were rather pleased to notice
28 how wide the terms of reference of the Commission
29 were. We think certainly this was something that
30 had a direct effect upon the situation and certainly



1 should be inquired into. Your suggestion that it is
2 perhaps not within the terms of reference may be
3 correct. I would think that is something that the
4 Commission itself would decide but we naturally regard
5 this as being most pertinent.

6 MR. MUNDELL: Assuming that the Commission
7 considers it within its jurisdiction and going to the
8 problem on its merits, I am wondering if you would
9 comment on this: Should it not be the fixing not of
10 a minimum rate by legislation but the fixing of a
11 real operating rate? I mean by minimum wages
12 wages sufficient to maintain. You have also sugges-
13 ted minimum wages at a higher level than heretofore
14 suggested. I was wondering whether there was from
15 your own point of view -- it was desirable to con-
16 sider fixing operating wages by legislation.

17 MR. MacDONALD: Ordinarily we do not go along
18 with the idea of wage levels being established by
19 legislation, but certainly there are situations that
20 develop such as those where we are not in a position
21 to cope with them, so perhaps something of that
22 nature is required.

23 MR. MUNDELL: Would you agree is this the
24 correct position: that all the coasting shipping
25 industry is rather peculiar or in rather unusual
26 circumstances in that they are operated by owners
27 possibly families, a family in a group, and that
28 sort of thing?

29 MR. MacDONALD: I do not know so much about
30 family ownership of shipping. It might exist, but



1 certainly there is a wide variety of all sizes and
2 classes and types of shipping.

3 MR. MUNDELL: Do you know whether this part
4 of the industry could operate if higher wages were
5 fixed by legislation?

6 MR. MacDONALD: I presume it could. I do not
7 see any reason why it could not. As a matter of
8 fact, it would remove some of the divergence that
9 exists in the industry at the moment.

10 MR. MUNDELL: You say you presume it could.
11 I wonder if you have any facts or information you
12 could give to the Commission bearing on that?

13 MR. MacDONALD: Well, there is one thing, right at
14 the moment the C.N.R. boats operating in the industry are
15 the very highest paid, so certainly if they can oper-
16 ate there is no reason why, in my estimation, that
17 others should not.

18 MR. MUNDELL: Do they operate competitively
19 over the same runs with the same cargoes or do you
20 know?

21 MR. MacDONALD: I do not know. I would not
22 be able to say about any places where there are the
23 same runs and same cargoes by the C.N.R. boats.
24 I would not be sure of that at all.

25 MR. MUNDELL: One other thing. Yesterday
26 the railway companies advocated or put forward the
27 proposition that there be no subsidies or protec-
28 tion to the shipping industry on the basis that it
29 would cost the railway industry's traffic. They
30 advocated that -- possibly you were here yesterday ---



1 MR. MacDONALD: No, I was not unfortunately.

2 MR. MUNDELL: They advocated there should be
3 no subsidies given to the shipping industry so that
4 there would be fair competition between the railways
5 and the shipping industry. I was wondering whether
6 there may be conflict within your own organization
7 or whether, if you maintain the shipping industry,
8 the railways are correct, you are acting against the
9 railway. Has any study been made there?

10 MR. MacDONALD: There has not been any study
11 made there. As a matter of fact, an affiliate, one
12 of my most important clients, to which we have re-
13 ferred in our submission here, which ^{is} the Canadian
14 Brotherhood of Railway Employees and Transport Work-
15 ers, has membership in both sides of the industry
16 so the rest of the Brotherhood will not discriminate
17 against one as compared to the other and these re-
18 quests as set forth here today are those of the
19 Brotherhood. They are in agreement. We do not go
20 alone so there is no conflict within us.

21 MR. MUNDELL: I was wondering about the
22 use of the word "discrimination" there, because I
23 suppose discrimination is when action is taken that
24 hurts you for the benefit of someone else. I was
25 wondering about discrimination. If you are going
26 to advocate this policy to maintain ship employment
27 which results in loss of railway employment, would
28 that be discrimination or is that a matter of
29 balancing the interests?

30 MR. MacDONALD: Certainly I would regard



1 as discrimination, if preferential treatment is given
2 one as compared to the other.

3 MR. MUNDELL: If the industry is languishing,
4 as your brief goes to show, without support, would
5 the railway employment be going up or down? I mean
6 it is a question of whether -- what you are asking ---

7 MR. MacDONALD: As a matter of fact, I do
8 not see any good reason why the railway industry
9 cannot be maintained at the highest possible level
10 and our coastal shipping as well. I believe one is
11 necessarily connected to the other.

12 THE CHAIRMAN: Now, that illustration, Mr.
13 MacDonald. I happen to have seen a good deal of
14 Central Ontario and Georgian Bay. At the present
15 time there are tremendous quantities of grain coming
16 in by boat to such ports as Port McNichol, Midland,
17 Collingwood, and they go by railway into Montreal.

18 When the St. Lawrence Waterway is deepened
19 how much of that traffic is going to be carried by
20 train?

21 MR. MacDONALD: How much?

22 THE CHAIRMAN: Yes.

23 MR. MacDONALD: I would not have any idea.

24 THE CHAIRMAN: I suggest to you part of the
25 end of the season storage or early season fast ship-
26 ment goods. How could it be economically sound to
27 transport grain from a boat into an elevator, from
28 an elevator into a train and transport it by train
29 from, say, Port McNichol to Montreal when it could
30 remain in the same bottom of a big ship and go



1 straight to Montreal?

2 MR. MacDONALD: Naturally it would be assumed
3 that practically all of it would be carried in bottoms.

4 THE CHAIRMAN: Well now then, what railway em-
5 ployees would be on those freight cars? Hundreds of
6 cars run down that gangway out of Port McNichol one
7 after the other. They are not going to be carried
8 on that freight so that there surely will be as a
9 result of the seaway some readjustment in the employ-
10 ment of your various affiliates.

11 MR. MacDONALD: Yes.

12 THE CHAIRMAN: Does that not bring up the
13 subject to which you referred a few moments ago, the
14 movement among personnel, apart from the highly
15 skilled and smaller group. Is that man not likely to
16 be a deck-hand on a ship one year and a section-man
17 on the railroad in another year?

18 MR. MacDONALD: I really do not think that is
19 customary, not to my knowledge at least.

20 THE CHAIRMAN: Perhaps not changing back year
21 to year, but spending five years of his life at one
22 task and then feeling he can better himself in
23 another field turn to that field.

24 MR. MacDONALD: Certainly that happens.
25 There are dislocations, of course, and adjustments
26 when people move from one employment to another.
27 That is certainly true.

28 THE CHAIRMAN: And the St. Lawrence Waterway
29 and the inevitable development in the water trans-
30 portation in Central Canada is one of these dis-



1 locations, which naturally would have to change, and
2 then of course it is all done by United Kingdom sail-
3 ors and that is your point.

4 MR. MacDONALD: Yes. I can foresee certainly
5 there is going to be a difficult problem of unemploy-
6 ment for the moment and the way that our economy is
7 going when the St. Lawrence Waterway is completed,
8 but we do believe that it is in the national interests
9 and that these temporary dislocations and adjustments
10 will eventually work themselves out as have similar
11 ones in the past.

12 THE CHAIRMAN: The point I was making was that
13 our economy is more elastic than one is led to believe
14 by saying that there are so many thousand of ship
15 workers and there are so many thousand of railroad
16 men. Next year there might be a very material
17 change in the numbers of these persons. Now, when
18 you speak of a nucleus, Mr. MacDonald, were you really
19 speaking of a nucleus or were you speaking of main-
20 taining roughly the standard level of employment,
21 the level of employment at its peak maintained not
22 in the war years but in the past three years when
23 there was some considerable restriction, generally
24 speaking, on ships? You were thinking in terms
25 of healthy employment at the present level. Is
26 that so?

27 MR. MacDONALD: No, actually I was not,
28 sir. With great respect I was thinking in differ-
29 ent terms.

30 THE CHAIRMAN: Well, at the present time



1 the seventeen thousand, surely they are a nucleus
2 because they are at shipbuilding and a very consider-
3 able number of yards have a goodly complement of men.
4 I agree, of course, there are some yards who have
5 only watchmen, I know that situation, but there are
6 other yards particularly down the St. Lawrence with
7 a goodly complement of men working, more than a nucleus
8 because they are now producing ships and, it may be
9 a family situation, encouragement by naval orders
10 but, nevertheless, do they not now form a nucleus and
11 a very considerable nucleus?

12 MR. MacDONALD: I would imagine there is no
13 definite criterion or yardstick by which we can
14 measure a nucleus.

15 THE CHAIRMAN: I think the only thing that
16 is alive enough and strong enough in its organization
17 to expand rapidly, I think that is the test of a
18 nucleus, is it not?

19 MR. MacDONALD: Yes, I think in very general
20 terms.

21 THE CHAIRMAN: It must be something that
22 can be worked into sufficient life with some rapid-
23 ity and you will agree with me anything less than
24 that would not be in our consideration a nucleus.

25 MR. MacDONALD: That is right. I think
26 the record would have to be different as to the
27 location of the skills and the trades and exper-
28 ience and ability. For instance, one could well
29 talk about the seventeen thousand that is in the
30



1 industry at the moment but if it was discovered upon
2 analysis that of the seventeen thousand there were
3 certain skills or abilities that were not represented
4 at all it could well be that it would not be a nucleus.
5 By way of illustration, naturally this is a long-
6 drawn illustration but, at the same time, if there
7 was no such thing as shipwrights among the seventeen
8 thousand eight hundred we could have all the platers
9 and engine men and riveters that we wanted, so actually
10 it cannot be judged in these general terms. What
11 I was suggesting by way of a nucleus, although to
12 some extent your interpretation of it is correct, I
13 had two things in mind; number one, within the
14 general framework of your definition, what was re-
15 quired in the emergency circumstances to be able to
16 avail ourselves of all our skills and ability to our
17 best possible advantage, but also to maintain move-
18 ment within industry itself where there is no alter-
19 nate satisfactory employment, and that exists in
20 many instances. Some of our yards, for instance,
21 small repair yards particularly that were built up
22 over the years and have gone out of existence, many
23 of the people who have been eliminated, so far as
24 employment, they have never found satisfactory
25 employment, comparable employment. There are other
26 cases where there is a decline in the total number
27 of people employed. These people have been employ-
28 ed for many, many years and come to an age when they
29 can no longer secure employment in other types of
30 industry and are thrown onto their own devices, as



1 it were. It is a combination of those factors that
2 I think we have to have regard to when we consider
3 the matter in that light, that a man who has put in
4 twenty-five or thirty years in the shipbuilding or
5 shiprepair industry just cannot overnight pick him-
6 self up and go on to some other industry, number one,
7 because of his age he will not be employed and,
8 number two, because his skill would be such that it
9 could not be adapted to another employment and, num-
10 ber three, he has been a member of another community,
11 made his contribution to its existence and anything
12 that goes to make that community and certainly has,
13 I think, some right to expect that he can secure
14 employment within that area.

15 THE CHAIRMAN: Well, I have a bad habit of
16 picking up illustrations or examples which are very
17 broad and only for the purpose of illustration,
18 should we have maintained a strong buggy industry
19 in Canada?

20 MR. MacDONALD: No.

21 THE CHAIRMAN: So far as your argument
22 deals with maintaining a type of employment because
23 a man has grown up in it, I suggest to you that is
24 not a good application, you have to turn to an-
25 other reason as to whether it is or not good to
26 maintain a number of persons who have spent their
27 lifetime ---

28 MR. MacDONALD: I do not agree with the
29 analogy, frankly, from our point of view.

30 THE CHAIRMAN: It is a strange one for the



purpose of illustration.

1 MR. MacDONALD: Yes, but it might create an
2 altogether wrong impression unless I were to let the
3 Commission know what our viewpoint was in connection
4 with that. We do not believe in standing in the
5 way of technological progress, we want to contribute
6 to it, and certainly the disappearance of the buggy
7 industry as such and the horseshoeing industry as
8 well was because of technological progress which
9 everyone certainly will agree contributed to our
10 national welfare and that of the world as a whole.
11 In this particular instance I cannot agree the analogy
12 is a sound one in as much as we believe very, very
13 definitely that there is an essential place, a neces-
14 sary place for the shipbuilding and shiprepairing
15 industry in this country. We do not believe that
16 the shipping industry is being replaced because of
17 technological progress. Certainly we recognize the
18 fact that in this day of jet-propelled aeroplanes
19 they are, to some extent, reflecting the service
20 provided by shipping.

21 THE CHAIRMAN: There is not much bulk
22 carried.

23 MR. MacDONALD: Exactly the point I was
24 coming to, I cannot even at this late date presume
25 or imagine, for instance, transporting ore in an
26 aeroplane or wheat, so I think there is an essen-
27 tial need for the retention, the maintenance of
28 our industry in the shipbuilding and shiprepairing
29 industries.
30



THE CHAIRMAN: What is that essential need?

1 You have given one to Mr. Mundell, the one you stressed
2 in your brief, Mr. Mundell sought one and I am seeking
3 other essential needs, what are the other essential
4 needs? In other words, if this job can be done for
5 us more efficiently by the United Kingdom shipping
6 than by Canadian-built, Canadian-operated shipping,
7 why then should we not turn to what we can do more
8 efficiently than they can? Now, you have said the
9 one reason is the defence and, leave that reason
10 as a very, very strong reason but one which you dealt
11 with, and give us some other reason. Now, when
12 you gave us a reason a while ago I took issue with it,
13 the reason these people had been born and brought
14 up in an industry and could do no other and I sugges-
15 ted to you that is not a valid reason for maintaining
16 an industry which could not be otherwise maintained.
17 Now, are there others?

18 MR. MacDONALD: I think there are.

19 THE CHAIRMAN: Let me have them.

20 MR. MacDONALD: For instance, I do not believe
21 that any nation should have such an important part,
22 an integral part of its economy partially or
23 wholly under control.

24 THE CHAIRMAN: That is apart from defence?

25 MR. MacDONALD: I am not talking about
26 emergency, I am talking about natural trade and
27 commerce under what could be regarded as normal
28 circumstances.

29 THE CHAIRMAN: In other words, you say apart
30



1 from defence altogether there is a national interest
2 in maintaining the transportation of a nation's goods
3 within the control of the citizens of the nation?

4 MR. MacDONALD: Sure.

5 THE CHAIRMAN: I follow you there.

6 MR. MacDONALD: I do not think I need elabor-
7 ate on that to point out the wisdom of it. That
8 matter has been, in my opinion, not very fully stress-
9 ed in most of the briefs which have come before the
10 Commission and that was why I was attempting to bring
11 it up. Now, even apart from any war emergency it
12 is important that the grain from Port Arthur, the
13 coal from Sydney should be there, should be available
14 to transport by ships which will be under the control
15 of the Canadian citizen and the control of the
16 Canadian Parliament.

17 THE CHAIRMAN: And be best able to share the
18 interests of Canada?

19 MR. MacDONALD: That is my point, Mr. Chair-
20 man, and I think one can readily see what would
21 happen if, because of international politics or
22 things over which we have no control the effect it
23 could have on our whole economy.

24 THE CHAIRMAN: The very lucrative form of
25 freight carriage from South Africa to Spain in the
26 months of September, October and November of one
27 year would be an example, would it not?

28 MR. MacDONALD: Yes, exactly.

29 THE CHAIRMAN: Well, Mr. Mundell?

30 MR. MUNDELL: I think that you have covered



1 practically everything I had in mind, but there is
2 just one final point. I think this is quite clear
3 in the submission but it might be worth emphasizing,
4 in connection with the discussion we have just had;
5 and that is, as I understand your submission, it is
6 that this is a costly business, that it might be a
7 purely elementary economic thing and perhaps it might
8 be better to accept the foreign shipping services
9 but that the national interest requires the solution
10 that you suggested. I suggest to you also there
11 are many conflicting interests in the solution to be
12 sought, will you agree with that? I mean, there are
13 the users, the trucks, the railways, the people you
14 represent, and the real problem is what is the ex-
15 tent of the national interest, how to resolve these
16 conflicting interests.

17 MR. MacDONALD: That is right.

18 MR. MUNDELL: That is all, thank you.

19 MR. GERITY: Mr. Chairman, may I ask a few
20 questions?

21 THE CHAIRMAN: Yes, certainly.

22 MR. GERITY: Mr. MacDonald, the group
23 I represent ask that the lake or inland waters
24 transport be restricted to Canadian ships, does your
25 group support that or not?

26 MR. MacDONALD: Yes, I thought we made that
27 clear.

28 MR. GERITY: All right, sir. Are any of
29 your group employed aboard ships?

30 MR. MacDONALD: Inland?



1 MR. GERITY: Yes.

2 MR. MacDONALD: No, I do not think so -- no.

3 MR. GERITY: And looking into this matter
4 generally, your group and your research people, does
5 that seem the natural and probable thing that the in-
6 land waters of the country should be restricted to
7 the citizens?

8 MR. MacDONALD: No, we have not suggested that
9 the inland waters be restricted to the citizens, we
10 have never suggested that.

11 MR. GERITY: What do you suggest?

12 MR. MacDONALD: We have suggested, as I have
13 already indicated, that the ships in which the trade
14 is conducted should be Canadian ships of Canadian
15 registry.

16 MR. GERITY: Is that not the same thing?

17 MR. MacDONALD: No, not necessarily so, no.

18 MR. GERITY: Well, I mean, you agree that
19 coast-wise trade in Canada should be restricted to
20 Canadian ships?

21 MR. MacDONALD: Yes.

22 MR. GERITY: And, looking into this ques-
23 tion have your people come up with any examples
24 of countries who leave their coast-wise trade open
25 to other people?

26 MR. MacDONALD: No, we have not, on the
27 contrary, we have quoted by illustration those who
28 do not.

29 MR. GERITY: Thank you.

30 MR. DIXON: Mr. MacDonald, in making that



1 statement about other countries, have you examined
2 into the state of affairs in the United Kingdom?

3 THE CHAIRMAN: I was about to ask you the
4 same question.

5 MR. MacDONALD: I cannot say I have.

6 MR. DIXON: Do you know the answer in rela-
7 tion to the coastal trade in the United Kingdom?

8 MR. MacDONALD: Offhand I do not.

9 MR. DIXON: It was a fairly broad statement
10 that all countries were restricted.

11 MR. MacDONALD: I do not think -- for the
12 record, I did not make that statement.

13 THE CHAIRMAN: I do not think it was that
14 broad, the implication might have been but the state-
15 ment was not as broad as that.

16 MR. GERITY: At a later stage I am prepared
17 to speak of the law of all commonwealth countries in
18 one way or another including the United Kingdom
19 which has restricted its trade for two hundred years,
20 from 1651 to 1849.

21 MR. WICKWIRE: I think Mr. MacDonald sugges-
22 ted we should have a policy similar to that adopted
23 by all other maritime nations. Now, there are
24 some nations that have no restrictions whatsoever,
25 the United Kingdom being one.

26 MR. MacDONALD: I cannot speak with any ac-
27 curacy on that. There may be such nations, there
28 no doubt are such nations.

29 MR. GERITY: Mr. Chairman, with respect, I
30 do think that if such a question arises any witness



1 or counsel should speak to the law of the country in
2 question.

3 THE CHAIRMAN: The question was put and Mr.
4 MacDonald was in a position of having to answer the
5 question in a broad way.

6 MR. GERITY: Well, Mr. Chairman, I am pre-
7 pared to speak for the law of any country which I con-
8 sider relevant to my client's business and to help
9 this Commission in any way possible, but I do think
10 that anyone who has any statement to make in this
11 Commission should be expected in one way or another
12 to support it by some reference to the law of some
13 country whether commonwealth or otherwise.

14 MR. LEWIS: Do I understand you recommend com-
15 plete closure of Canadian coast-wise trade, limiting
16 it to Canadian ships?

17 MR. MacDONALD: Complete closure, would you
18 re-state that question, please?

19 MR. LEWIS: It is your submission here that
20 coast-wise trade as far as Canada is concerned should
21 be limited entirely to Canadian-owned ships?

22 MR. MacDONALD: Yes.

23 MR. LEWIS: You also suggest that trade in
24 Canadian inland waters should be reserved to
25 Canadian and United States flag-ships?

26 MR. MacDONALD: Yes.

27 MR. LEWIS: You put the two coasts in dif-
28 ferent categories?

29 MR. MacDONALD; I suppose it could be re-
30 garded as such in as much as I do not see from a



1 practical point of view how one could do otherwise,
2 in as far as coastal shipping is concerned it is an
3 altogether different situation.

4 MR. LEWIS: What is your position, I mean, do
5 you ask for complete closure then?

6 MR. MacDONALD: Well, that is the reason why
7 I wanted you to state it because from a practical
8 point of view, if you talk of complete closure such
9 as preventing American ships from using the Lakes,
10 that is obviously ridiculous on the face of it.

11 MR. LEWIS: I am trying to find what you are
12 asking for. You are saying here in number 2:

13 "That coasting and inter-coastal trade

14 "should be reserved for Canadian-built and

15 "manned vessels."

16 And you say in number 3:

17 "That trade on our inland waters should

18 "be reserved to Canadian and United States

19 "vessels on an agreed equal and equitable

20 "basis."

21 MR. MacDONALD: I am afraid that you are not
22 quoting from our submission.

23 MR. LEWIS: The Trades and Labour Congress
24 of Canada.

25 MR. MacDONALD: We happen to be the Canadian
26 Congress of Labour.

27 MR. LEWIS: I beg your pardon. Well then,
28 I am interested in your submission, are you limit-
29 ing your request to trading in inland waters?

30 MR. MacDONALD: No.



1 MR. LEWIS: Your restrictions, or are you ask-
2 ing that Canadian coast-wise trade be restricted ex-
3 clusively to Canadian ships?

4 MR. MacDONALD: We are asking that coast-wise
5 trade be conducted by Canadian ships, yes.

6 MR. LEWIS: Exclusively?

7 MR. MacDONALD: Yes, I think I have answered
8 that question at least half a dozen times in the last
9 hour.

10 MR. LEWIS: Well, have you considered the
11 implications of such a request?

12 MR. MacDONALD: I think so.

13 MR. LEWIS: You have, is that the answer?

14 MR. MacDONALD: Yes.

15 MR. LEWIS: Are you familiar with the trading
16 position of Newfoundland and the Canadian mainland?

17 MR. MacDONALD: I would not call myself any
18 expert on it but I have lived most of my life in the
19 Maritime Provinces.

20 MR. LEWIS: Have you made a study of it be-
21 fore you made this request?

22 MR. MacDONALD: What do you mean by a study,
23 a study can mean a great number of things, it
24 could mean a study extending over a period of years
25 by a corps of research experts or it can mean a
26 rather superfluous study by an individual who has
27 not got the equipment or ability to conduct it. I
28 do not know what study means.

29 MR. LEWIS: Well, you are sponsoring, as
30 I understand it, a submission to this Commission.



1 MR. MacDONALD: That is right.

2 MR. LEWIS: Which asks for certain things.

3 MR. MacDONALD: Which recommends certain
4 things.

5 MR. LEWIS: Well, recommend, if you will,
6 your recommendation affects my clients who are people
7 in Newfoundland and British citizens, that is why I
8 asked you if you made a study insofar as trading
9 between Newfoundland and inland Canada is concerned
10 before making such a submission.

11 MR. MacDONALD: And I have given you the
12 answer in as much as I have requested a definition of
13 what you term a study. We have some knowledge of the
14 situation, we have our research department which
15 looks into the matter, but what you consider a study
16 is something for you to define for my benefit.

17 MR. LEWIS: You do not know how that trade is
18 carried out?

19 MR. MacDONALD: Do I know how the trade be-
20 tween the Island of Newfoundland is carried out with
21 the mainland of Canada?

22 MR. LEWIS: Yes.

23 MR. MacDONALD: In general terms, yes.

24 THE CHAIRMAN: Now, Mr. Lewis, I think I
25 must point out to you that Mr. MacDonald is not a
26 witness and that Mr. MacDonald is appearing as a
27 representative here to make submissions and is
28 not giving evidence. Mr. Mundell has carried on
29 a procedure whereby he has put questions for clari-
30 fication to representatives and have them answer in



1 the same spirit. However, I am not of the opinion
2 that any representative is subject to cross-examination
3 as if he was a witness. If Mr. MacDonald was in the
4 box and had been sworn I would have kept silent but
5 he is not occupying that position. We are not, of
6 course, limited to members of the Bar and those who
7 are making submissions are often not members of the
8 Bar, so I point out to you put to Mr. MacDonald such
9 questions as you wish in order to bring out what Mr.
10 MacDonald is advocating, but such questions as to the
11 kind of study he has put in and what is the type of
12 trade in a certain area of Canada is a matter which
13 I think you will be giving in your submission. Mr.
14 MacDonald is not as part of his submission required
15 to give that to the Commission.

16 MR. LEWIS: Well, I understood that he came
17 here ---

18 THE CHAIRMAN: You know he was here not sworn
19 as a witness.

20 MR. LEWIS: I was here and if I am out of
21 order in asking questions which I have submitted I
22 bow to the ruling of the Court. However, I do
23 say this, that when statements are made here by
24 representatives who are witnesses or advocates or
25 what have you, I think these statements by a wit-
26 ness should be justified by them and there were cer-
27 tain statements made here in relation to those I
28 represent which I do not accept and I think it is
29 my duty to clarify that position before this Court.

30 THE CHAIRMAN: You will have the opportunity



1 to make your submissions.

2 MR. LEWIS: Well, if the opportunity is avail-
3 able to me I will be glad to take advantage of it,
4 but I do deprecate the position, if I may, that a
5 person should get here in the position of making state-
6 ments and then not be subject to an examination to
7 test what they say.

8 THE CHAIRMAN: They are making a submission,
9 if they were making statements as evidence they
10 would be subject to proper cross-examination.

11 MR. LEWIS: There were statements made here
12 in relation to the coastal trade on the coast of
13 Newfoundland.

14 THE CHAIRMAN: That is a recommendation.

15 MR. LEWIS: Well, are the people who sponsor
16 this brief prepared to call witnesses, may I ask, to
17 justify the statements made here?

18 THE CHAIRMAN: Mr. MacDonald, are you calling
19 any witnesses?

20 MR. MacDONALD: Yes, I gather what he is re-
21 ferring to is a reference to the Canadian National
22 Railway ships on the coast of Newfoundland, I be-
23 lieve that is the only specific reference in our
24 submission, and certainly we will be glad to call
25 witnesses.

26 MR. LEWIS: That is not the only one.

27 THE CHAIRMAN: We will be having a hearing
28 in St. John's, Newfoundland, on the 25th of this
29 month and if you wish to adduce evidence you may
30 do so. Of course, you realize evidence is subject



to cross-examination.

Mr. Wickwire, have you any questions?

MR. WICKWIRE: It is not just as clear to me, Mr. MacDonald, as it is to you, the adverse effect on the Maritimes and British Columbia which you state the seaway will have, I wonder if you could be a little more specific?

MR. MacDONALD: Well, by way of illustration, I think that can be readily seen, for instance, inasfar as the coal industry is concerned, if I might use that as the illustration, that would be put in a most unfair position competitively-wise with the coal that will be produced in Pennsylvania or Ohio. It is already into that position but the situation would be intensified, and I think the same thing can be said in relation to the steel industry of the Maritimes. I am thinking in terms also of the port facilities of the harbours of Halifax and Saint John. I think one can readily see that there will be at least a temporary adverse effect upon those industries.

MR. WICKWIRE: You mentioned that in your view it would have a temporary effect, is there any indication in your view of how long that temporary position is likely to last, or does that right itself, or have you any views on it?

MR. MacDONALD: My views, I am afraid, are not of much value to the Commission. I naturally go along with the idea that in all such dislocations there are adjustments that eventually some-





1 thing else is done to improve the situation as time
2 goes on and certainly it is our hope that that will
3 be the case inasfar as the Maritime Provinces and
4 British Columbia are concerned. I think our position
5 has been from the outset that we are in favour of
6 the seaway because of the national interest that is
7 involved; we have not, however, blinded ourselves to
8 the fact that it has this adverse effect which we
9 hope is temporary and we refer to it as being tempor-
10 ary and figure that eventually the means will be
11 found to balance the situation.

12 MR. WICKWIRE: And upon British Columbia, your
13 views of the adverse effect upon British Columbia?

14 MR. MacDONALD: Well, the shipping facilities,
15 for instance, with regard to wheat, I think is per-
16 haps the outstanding one. I think no doubt the rep-
17 resentatives of British Columbia could give others.

18 MR. WICKWIRE: In that respect, is there not
19 now a dividing line more or less concerning wheat
20 traffic which moves east and which moves west?

21 MR. MacDONALD: My colleague suggests that
22 the dividing line will move west.

23 THE CHAIRMAN: The cheap water transport
24 will allow you to add more miles of rail transport,
25 it will be as cheap to ship down the St. Lawrence
26 as it is to ship out west and around the Pacific.

27 MR. MacDONALD: I think that is it.

28 MR. WICKWIRE: But still a saving to the
29 producer.

30 MR. MacDONALD: Yes, a saving for the



1 consumer too, I imagine, if it is done properly.

2 MR. GERITY: May I ask Mr. MacDonald one more
3 question?

4 THE CHAIRMAN: Yes.

5 MR. GERITY: Mr. MacDonald, did you say your
6 group regards the Great Lakes as a different problem
7 from the East and West Coasts?

8 MR. MacDONALD: To some extent, yes, we recog-
9 nize the fact that there is American shipping on the
10 Lakes and you cannot draw a line across the centre
11 of a lake and maintain it.

12 MR. GERITY: No, my question is quite simple,
13 Mr. MacDonald, do you regard it as a different ques-
14 tion?

15 MR. MacDONALD: Not as a different question
16 in general but there certainly is a distinction.

17 MR. GERITY: Thank you.

18 MR. MUNDELL: You recognize, too, different
19 policies to be adopted between the Lakes and the
20 Coasts?

21 MR. MacDONALD: I put forward only the one
22 general policy, I think in certain practical situa-
23 ^{there}tions that have to be adaptations of that policy, if
24 you will.

25 MR. WICKWIRE: Or exemptions?

26 MR. MacDONALD: Or perhaps exemptions, I do
27 not know.

28 MR. MUNDELL: I believe that it will be
29 necessary to adjourn for some fifteen minutes.
30



THE CHAIRMAN: Whether it is necessary or

not, I was going to suggest it.

---(Intermission)

SUBMISSION OF THE CANADIAN AND CATHOLIC
CONFEDERATION OF LABOUR.

SUBMISSION OF THE NATIONAL METAL TRADES
FEDERATION.

MR. T.S. PAYNE: The Canadian and Catholic Confederation of Labour, the National Metal Trades Federation and its affiliated shipyard locals representing the great majority of organized workers in the shipyards of the Province of Quebec, welcome the nomination by the Federal Government of this Royal Commission to study Canada's coastal trade problems.

This Commission's eventual recommendations and ensuing government measures will shape Canada's future maritime policy. This Royal Commission on coastal trade is primarily concerned with answering the question: "Should Canada's coastal and inland shipping trade be restricted to vessels built and owned in this country?" We believe, however, that these hearings which will eventually move right across the country will have far wider implications. At present, Canada's coasting and inland trade is open to all British Commonwealth registered vessels under an agreement signed in 1931. We believe that a law should be enacted under which Canada's inland and coastal trade will be limited to vessels built and owned in Canada.



1 We are informed, however, that the Commission
2 at its own discretion is further empowered to delve
3 into related matters which may be deemed of importance
4 to a full investigation, such as subsidies to meet
5 present economic conditions in order to compete effec-
6 tively in the world shipbuilding market, that the
7 scope of activities of the Canadian Maritime Commis-
8 sion Act be amended to provide for labour representa-
9 tion on the Commission, and that the shipbuilding and
10 ship repairing industry be brought under the National
11 Labour Code whereby fair minimum national labour
12 standards would be possible.

13 We believe that some of the real questions
14 which this Royal Commission must decide are: Does
15 Canada need ships and shipyards for defence purposes?
16 Does Canada need them for economic purposes? What will
17 restrictions do to help in maintaining our shipyards
18 and ships? What will be the effect of the St. Law-
19 rence Seaway on domestic trade, international trade,
20 and freight rates? Will restrictions affect our
21 relations with overseas business contacts and with
22 other governments and to what extent are our Canadian
23 coasting and deep-sea trades inter-dependent? How
24 would restrictions on the former affect the latter?
25 We believe that this brief submitted by the Canadian
26 and Catholic Confederation of Labour, the National
27 Metal Trades Federation and its affiliated shipyard
28 locals is likely to raise many-sided issues all of
29 which may be fitted into the over-all pattern of
30



1
2 this inquiry and which we feel are essential because
3 of their repercussion upon the future security of
4 employment and standard of living of our membership.
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20 (Page 108 follows)
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ROYAL COMMISSION
ON COASTING TRADE

VOL. I

PART B

Report Of Ottawa
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<u>No.</u>	<u>Page</u>	<u>Description</u>
2	243	(Submitted on Monday, July 11). Revision of Federal Transportation Policy
4	243	List of Book Orders as of May 1, 1955.
5	292	List of Member Companies in Canadian Shipowners Association.

ERRATUM

Page 64, line 21 of Part A of Vol. 1,
should read "Rowntree" instead of
"Servatin".

RAYMOND PARENT:

Messieurs,

La Confédération des Travailleurs catholiques du Canada, la Fédération nationale de la Métallurgie et ses syndicats affiliés, qui représentent la très grande majorité des ouvriers organisés dans les chantiers maritimes de la Province de Québec, sont très heureux du fait que le gouvernement fédéral ait formé une Commission royale pour l'étude des problèmes que pose le cabotage au Canada.

Nul doute que les recommandations éventuelles de cette Commission et les mesures gouvernementales qui doivent en résulter, décideront de l'avenir de l'industrie maritime au Canada. Votre Commission sur le cabotage doit en premier lieu répondre à la question suivante: "Doit-on réserver aux seules vaisseaux bâtis au Canada et possédés par des armateurs canadiens, le cabotage et le transport à l'intérieur du pays?" Nous croyons toutefois que les auditions tenues par votre Commission à travers le pays tout entier auront des implications beaucoup plus vastes. Aujourd'hui, la navigation côtière et intérieurs au Canada est ouverte à tous les vaisseaux enregistrés dans le Commonwealth britannique, en vertu d'une entente signée en 1931. Nous sommes d'avis que le Canada devrait mettre en vigueur une nouvelle loi qui réserverait exclusivement ce commerce aux vaisseaux construits au Canada et appartenant à des propriétaires canadiens.

On nous apprend toutefois que votre Commission a toute discrétion pour aborder les sujets connexes,

1 susceptibles d'approfondir l'enquête en cours. Telle
2 nous apparaît la question des subventions gouvernemen-
3 tales destinées à parer aux conditions économiques
4 actuelles et à per ettre la concurrence des armateurs
5 canadiens sur le marché mondial du transport maritime;
6 telle nous apparaît aussi projet d'amender la loi de la
7 Commission maritime canadienne, pour permettre que les
8 syndicats ouvriers y soient représentés, et celui de
9 placer les chantiers maritimes de construction et de
10 réparation sous la juridiction de Code national du
11 Travail, afin de rendre possible l'établissement de
standards minima nationaux en matière de travail.

12 Nous ajouterons aussi, à la liste des questions
13 importantes que votre Commission devrait étudier, les
14 suivantes: La nécessité de chantiers maritimes et de
15 va isseaux canadiens dans la perspective de la défense
16 nationale; et de nos besoins économiques; comment
17 les restrictions sur le cabotage peuvent-elles aider
18 au maintien d'une flotte et de chantiers maritimes;
19 les conséquences de la canalisation du Saint-Laurent
20 sur les échanges intérieurs, les échanges interna-
21 tionaux et les taux de fret; les restrictions étudiées
22 sont-elles de nature à modifier nos relations avec les
23 clients d'outremer et les gouvernements étrangers, et
24 jusqu'à quel point le cabotage et le commerce propre-
25 ment maritime du Canada sont-ils reliés l'un à l'autre;
comment des restrictions en matière de cabotage
affecteraient-elles le transport océanique;

26 Nous croyons que le présent mémoire, présenté
27 par la Confédération des Travailleurs catholiques du
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1 Canada, la Fédération nationale de la Métallurgie
2 et les syndicats de chantiers maritimes qui lui sont
3 affiliés, est de nature à soulever des problèmes com-
4 plexes mais qui font tous partie intégrante de l'ob-
5 jectif total de votre enquête. Nous sommes d'avis
6 qu'il faut les considérer tous parce qu'ils sont tous
7 susceptibles de répercussions importantes pour l'avenir,
8 sur l'embauchage, la sécurité d'emploi et le niveau
9 de vie de nos membres.

10 Respectueusement soumis par La
11 Confédération des Travailleurs catholiques du Canada
12 et la
13 Fédération nationale de la Métallurgie.
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1 ME. PAUL GERIN-LAJOIE: Au nom de la Commission,
2 j'aurais quelques questions à vous poser, à l'un ou
3 l'autre, et si vous avez d'autres membres de votre
4 groupe plus en mesure de répondre aux questions, vous
5 pourrez les inviter à s'avancer ici pour donner les
6 réponses. Vous comprenez, n'est-ce-pas, que si les
7 avocats donnent l'impression de prendre à parti les
8 mémoires soumis, c'est dans le but d'éclaircir ces
9 mémoires, sans aucun parti-pris à l'avance; il s'agit
10 de mettre devant la Commission tous les points de
11 vue et de justifier les points de vue soumis. Au
12 début de votre mémoire vous citez, en partie, une
13 lettre de l'ancien Ministre des anciens combattants,
14 M. Ian A. Mackenzie; est-ce que vous auriez ici, ou
15 dans vos dossiers, le texte de cette lettre au complet,
16 que vous pourriez mettre à la disposition de la
Commission?

17 M. RAYMOND PARENT: Non, nous n'avons pas le texte
18 de la lettre; c'était une lettre adressée aux employés
19 des chantiers maritimes de Vancouver, et c'est une
20 copie de cette lettre que nous avons.

21 ME. PAUL GERIN-LAJOIE: Est-ce que vous pourriez
22 soumettre à cette Commission, subséquemment, le texte
complet de cette lettre?

23 M. TED. S. PAYNE: Il y aurait possibilité d'en
24 fournir une copie; nous ne l'avons pas en mains, mais
25 nous la ferons parvenir.

26 ME. PAUL GERIN-LAJOIE: Je réfère à la page 10 de
27 votre mémoire. Au paragraphe 2, vous dites: "Une
28 forte baisse d'après-guerre dans la construction maritime
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1 attribuable principalement au défaut du gouvernement
2 d'entreprendre un vaste programme de construction
3 maritime..." Est-ce que vous voulez dire que le
4 gouvernement lui-même aurait dû se lancer dans la
5 construction maritime? Ou bien aviez-vous d'autre
chose en vue?

6 M. RAYMOND PARENT: C'est le décor qui aurait
7 dû être mis en vigueur depuis longtemps en subven-
8 tions envers les armateurs, à remplacer la flotte
9 de guerre détruite en grande partie; ça aurait
10 dû commencer immédiatement après la guerre, afin
11 que l'embauchage soit maintenu.

ME. PAUL GERIN-LAJOIE: Quel serait alors le rôle du gouvernement?

14 M. RAYMOND PARENT: Je crois, à ce moment
15 ç'aurait été de mettre en vigueur sa politique de
16 reconstruction immédiatement, par exemple, dans le
17 cas où il ne se faisait plus de navires pour la des-
18 truction, c'était de continuer le réarmement pour
remplacer la flotte détruite durant la guerre.

ME. PAUL GERIN-LAJOIE: Vous dites que le
gouvernement aurait dû continuer le réarmement?

21 M. RAYMOND PARENT: Oui, le programme de défense
qui se poursuit actuellement.

ME. PAUL GERIN-LAJOIE: Vouliez-vous dire que tout
de suite après la guerre, le gouvernement aurait dû
mettre en vigueur un programme de défense en favor-
isant la construction maritime?

26 M. RAYMOND PARENT: On l'a mis un peu plus tard,
27 la marine Royale Canadienne a été renouvelée et on

1 a converti un certain nombre de navires. Si ce
2 travail avait été fait immédiatement après la guerre,
3 ç'aurait eut pour effet de stabiliser d'avantage
4 l'industrie.

5 ME. PAUL GERIN-LAJOIE: Est-ce que plusieurs
6 années après la guerre il n'y aurait pas eu des
7 conditions internationales pour cela? Mais, est-ce
8 que le gouvernement devrait avoir une politique de
réarmement?

9 M. RAYMOND PARENT: Dans le décor international
10 actuel, il n'y a pas de doute, et même celui qui
11 existe depuis avant la dernière guerre.

12 ME. PAUL GERIN-LAJOIE: Au bas de la page 10,
13 vous soulignez, et je cite: "Avec aujourd'hui 50,000
14 ouvriers de mois qu'en 1943 dans l'industrie de la
15 construction navale, non seulement il appert que le
16 Canada a déjà perdu en permanence un grand nombre
17 d'employés spécialisés dans cette industrie...".
18 Est-ce que vous voyez un mal dans cela. Est-ce que
19 c'est anormal que les employés laissent une industrie
pour une autre?

20 M. RAYMOND PARENT: Nous disons qu'une marine,
21 soit marchande ou royale, sont nécessaires, dans une
22 position bien organisée, et il doit y avoir des
23 chantiers maritimes qui fourniront une main-d'oeuvre
24 assez nombreuse pour pouvoir continuer constamment
25 la construction. L'expérience du passé est là; vous
26 êtes en 1939, les chantiers maritimes étaient quelques
27 cents, je crois, il y avait 5,000 ou 6,000 travail-
28 leurs dans les chantiers maritimes canadiens. Au
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1 moment de la déclaration de la guerre on a commencé
2 un programme de construction navale urgent, mais on
3 sait que les employeurs ont eu de la difficulté, on
4 sait cela, et les travailleurs ont aussi subi beau-
5 coup, car ils passaient dans une industrie où il
6 fallait produire vite et bien, et nous n'étions pas
7 préparés; nous concourions pour la sécurité de tout
8 le monde. Il serait donc préférable que nous ayons
9 un minimum d'employés qui trouvent un emploi stable
10 dans les chantiers maritimes afin de maintenir con-
tinuellement la possibilité d'opérer normalement.

11 ME. PAUL GERIN-LAJOIE: Est-ce que vous pourriez
12 dire - je ne crois pas que vous le mentionnez dans
13 le mémoire - quel serait le minimum raisonnable
14 d'employés dans les chantiers maritimes?

15 M. RAYMOND PARENT: C'est difficile à évaluer;
16 si nous prenons le plus haut emploi - c'était environ
17 75,847 travailleurs. Pendant 1951 et 1952, les
18 chantiers maritimes avaient environ 22,000 employés;
19 aujourd'hui il y en a une dizaine de mille travail-
20 leurs dans les chantiers maritimes. Je ne puis pas
21 vous donner le chiffre exact, mais ça indique qu'il
y a quelque chose d'anormal.

22 ME. PAUL GERIN-LAJOIE: Est-ce que vous ne dites
23 pas que c'est 25,000, l'embauchage, d'après les
24 dernières statistiques?

25 M. RAYMOND PARENT: En 1954, oui.

26 ME. PAUL GERIN-LAJOIE: Si on compare ce chiffre
27 à celui de 6,000 ou 7,000 en 1939, ne croyez-vous
28 pas que c'est un minimum bien plus élevé qu'en 1939?
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M. RAYMOND PARENT: Oui, si nous invisageons le développement, tel le commerce extérieur aussi bien qu'intérieur, avec l'indice de la population depuis 1939, c'est à-peu-près proportionnel dans la même situation qu'en 1939.

ME. PAUL GERIN-LAJOIE: La proportion de 75,000 en 1943-44, durant la guerre, avec 25,000 maintenant dans cette industrie, est-ce que vous ne croyez pas que cette proportion peut-être raisonnable?

M. RAYMOND PARENT: Vous indiquez 25,000 qui restent à une certaine date donnée; si nous prenons l'embauchage depuis dix ans, les chiffres ont fluctués de 75% à 10%, à 25%, et ils sont descendus; il est difficile de jeter un nombre qui serait juste comme comparaison, car cela a fluctué considérablement.

ME. PAUL GERIN-LAJOIE: Si vous ne pouvez pas faire une suggestion pour le nombre raisonnable, connaissez vous quelqu'un qui serait en mesure de fixer cela?

M. RAYMOND PARENT: Pour fixer le nombre des travailleurs - naturellement on ne maintiendrait pas des travailleurs simplement pour maintenir des travailleurs - c'est dans le décor où il y aurait des navires à construire. Nous croyons, après avoir analysé la situation, si le programme que nous recommandons, que les navires soient construits et réparés dans des chantiers canadiens, par des travailleurs canadiens, nous croyons que ça permettrait d'employer, peut-être, normalement,

1 au moins 40,000 travailleurs; quand je dis 40,000,
2 je dirais à-peu-près proportionnellement au nombre
3 d'employés qui trouvent des emplois dans les
4 chantiers maritimes américains par rapport à la
5 population aux Etats-Unis.

6 ME. PAUL GERIN-LAJOIE: Croyez-vous que c'est
7 juste que le Canada devrait avoir une marine de
8 cabotage équivalente à celle des Etats-Unis?

9 M. RAYMOND PARENT: Non, je ne le crois pas;
10 c'est beaucoup plus la longueur des routes navigables
11 qui va conditionner la nécessité d'avoir un nombre
12 plus considérable de navires, pour la population.

13 ME. PAUL GERIN-LAJOIE: Si on parle des chantiers
14 maritimes, il ne faut pas nécessairement comparer
15 le nombre d'employés dans cette industrie à la
16 nécessité de navires pour le cabotage; il y a
17 aussi les navires pour exportation et cette indus-
18 trie, en ce qui concerne l'exportation, doit varier
19 d'un pays à l'autre?

20 M. RAYMOND PARENT: Oui; si nous prenons les
21 Etats-Unis, qui ont très peu de navires construits
22 pour l'exportation, si c'est en subvention, après
23 un certain nombre d'années, quand les navires
24 deviennent démodés, il les vendent - dont au Canada.

25 ME. PAUL GERIN-LAJOIE: Avez-vous des chiffres
26 à l'appui de cet avancé?

27 M. RAYMOND PARENT: Oui; sur 309 navires de
28 tonnage brut enregistrés au Canada en 1954, il y en
29 avait 106 qui avaient été construits aux Etats-Unis,
30 dont 87 sur ce nombre avaient plus de 25 ans.

1 ME. PAUL GERIN-LAJOIE: Savez-vous combien
2 d'usage ils avaient eus aux Etats-Unis avant?

3 M. RAYMOND PARENT: Ils avaient plus de 25 ans
4 quand ils ont été achetés.

5 ME. PAUL GERIN-LAJOIE: Avez-vous d'autres ren-
6 seignements que vous pourriez donner à ce sujet?

7 M. RAYMOND PARENT: C'est d'après la "List of
8 Ships" publiée par la Commission Maritime Canadienne.
9 Lorsque je dis que ces navires avaient 25 ans, c'est
10 quand ils ont été achetés ou changés de port
11 américain au port canadien.

12 ME PAUL GERIN-LAJOIE: A la page 11 de votre
13 mémoire, vous dites: "L'embauchage a diminué d'une
14 façon disproportionnée en Colombie Britannique,
15 situation pour laquelle nous le soulignons, il n'y
16 a aucune raison valide." Alors, si je me rapporte
17 à la page 28 de votre mémoire, où vous donnez
18 l'échelle des salaires dans la Nouvelle Ecosse,
19 Québec et la Colombie Britannique, je constate que
20 c'est en Colombie Britannique que les salaires sont
21 les plus élevés. Est-ce qu'il n'y a pas là une
22 explication, ou l'explication, que le fait des
23 diminutions des chantiers maritimes a été plus
24 considérable proportionnellement en Colombie
25 Britannique qu'ailleurs?

26 M. RAYMOND PARENT: Dans ce décor, il faudrait
27 dire que ce sont les travailleurs du Québec qui
28 auraient le plus bénéficiés, ou le moins souffert
29 de la baisse, car si les salaires plus élevés en
30 Colombie Britannique auraient eu pour effet de

1 diminuer les contrats, ici au Québec, les salaires
2 sont plus bas et on aurait dû avoir plus de travail.
3 Les chiffres démontrent proportionnellement que
4 nous en avons perdu surtout à cause de la situation
5 des Grands Lacs, en Ontario.

6 ME. PAUL GERIN-LAJOIE: Donnez-vous, dans le
7 mémoire, des comparaisons de l'embauchage dans les
8 diverses régions, à l'appui de ce que vous venez
9 d'énoncer?

10 M. RAYMOND PARENT: A la page 12, il y a un
11 tableau des moyennes mensuelles d'embauchage des
12 ouvriers à la production, industrie canadienne de
13 la construction et de la réparation maritimes.
14 Pendant la période creuse de l'industrie maritime,
15 1949, 1950, 1951, je vois Québec a baissé à 3,892
16 travailleurs, les Grand Lacs à 2,168 et la Colombie
Britannique a baissée à 1,100 en 1950.

17 ME. PAUL GERIN-LAJOIE: Est-ce que vous voyez
18 que l'embauchage dans la Colombie Britannique a
19 baissé anormalement de 1946 à 1953, tandis que dans
20 les Grands Lacs, ç'a monté, dans la région de St-
21 Laurent ç'a presque doublé, et sur la côte Atlantique
ç'a augmenté?

22 M. RAYMOND PARENT: Cela a diminué si vous prenez
23 1948, il y avait 8,045 dans la région du St-Laurent,
24 2,308 aux Grands Lacs, et 2,949 en Colombie Britan-
25 nique. Dès 1949, Québec est à 4,230, les Grands
26 Lacs à 2,168, et la Côte du Pacifique a baissé de
27 50% à 1,496.

28 ME. PAUL GERIN-LAJOIE: Si vous regardez un an
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ou deux, vous avez des données par très juste, mais dans l'ensemble, est-ce que'il ne semble pas y avoir, depuis 1951, un redressement dans la région du St-Laurent et des Grands Lacs, de même qu'il y en a un du même ordre en Colombie Britannique?

M. RAYMOND PARENT: L'emploi a remonté à 10,490 au maximum dans le Québec, mais ç'a baissé depuis; je sais qu'il y a dans la Province de Québec, dans les chantiers du St-Laurent, environ 5,000 travailleurs, au maximum.

ME. PAUL GERIN-LAJOIE: Est-ce que vous maintenez toujours l'affirmation à la page 11 que c'est dans la Colombie Britannique que la situation est la plus désavantageuse au point de vue niveau d'embauchage?

M. RAYMOND PARENT: Au point de vue niveau d'embauchage, oui.

ME. PAUL GERIN-LAJOIE: A la page 12 vous soulignez le fait des variations importantes d'une année à l'autre ou d'une saison à l'autre. Est-ce que vous voyez quelque moyen à suggérer pour obvier à ces fluctuations saisonnières?

M. RAYMOND PARENT: Il y en a. Les fluctuations étaient probablement dues au caractère même de l'industrie. Il y a un autre fait dans les changiers maritimes qui amène des fluctuations considérables et un "turn-over" de main-d'oeuvre considérable; les constructeurs de navires commencent à construire et engagent 200 ouvriers pour faire le lit du navire, et plus tard, ce sont les employés du fer, ensuite les soudeurs, etc.

1 Il y aurait possibilité d'organiser cela pour
2 agencer la construction, car il est rare qu'il n'y
3 ait qu'un seul navire à construire; alors, il
4 s'agirait d'agencer la construction pour permettre
5 qu'en finissant un navire ils peuvent transférer
6 les ouvriers ailleurs; c'est une partie qui est
7 interne de la part des employeurs. Il y a aussi
8 un problème sérieux dans les chantiers maritimes,
9 c'est le problème général, c'est celui du Canada
10 saisonnier et très intermittent de leur emploi,
11 comme dans l'industrie de la construction. Dans
12 cette industrie de la construction où ils avaient
13 une moyenne d'emploi de 7 ou 8 mois par année, on
14 a réussi à améliorer les méthodes de construction
15 pour permettre la construction à un coût pas très
16 plus élevé durant 12 mois par année, et l'emploi
17 annuel a rallongé la construction. Il y aurait
18 donc possibilité de reviser la situation actuelle
19 pour stabiliser l'emploi maritime.

19 ME. PAUL GERIN-LAJOIE: Est-ce que ce serait une
20 administration interne de la part des employeurs des
21 chantiers et non pas du gouvernement canadien?

21 M. RAYMOND PARENT: Il y a les deux. Le phéno-
22 mène de la construction s'est produit. On a en vue
23 que le gouvernement devrait, par une mesure peut-
24 être différente, s'efforcer de faire faire la con-
25 struction nécessaire durant les mois les plus morts
26 au point de vue commerce.

26 ME. PAUL GERIN-LAJOIE: Vous parlez de construc-
27 tion par le gouvernement lui-même?
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1 M. RAYMOND PARENT: Oui; est-ce qu'il n'y aurait
2 pas moyen de faire la même chose pour le gouvernement.
3 Pour ce qui est de la Marine Royale, par exemple,
4 est-ce qu'il ne pourrait pas y avoir un programme
5 ou organisation où tous, sans parti-pris, devraient
6 se rencontrer, étant représentés le gouvernement,
7 les constructeurs et les employés; c'est une
8 suggestion que je donne, on pourrait se rencontrer
pour cela.

9 ME. PAUL GERIN-LAJOIE: Est-ce qu'on ne devrait
10 pas faire intervenir dans les rencontres les pro-
11 priétaires de bateaux qui font construire des
12 nouveaux bateaux?

13 M. RAYMOND PARENT: Possiblement.

14 ME. PAUL GERIN-LAJOIE: J'avais une note ici pour
15 plus tard, mais est-ce que ce n'est pas un fait qu'au
16 moment où l'embauchage a été relativement bas, vers
17 1950 ou 1952, il y a eu des commandes de navires de
18 guerre pour le compte du gouvernement qui ont servi
à amortir le choc de la diminution d'embauchage?

19 M. RAYMOND PARENT: Ils ont peut-être mis un
20 terme à la période creuse; il n'y a pas de doute
21 qu'ils n'ont pas corrigé la période creuse car les
22 travailleurs sur le St-Laurent en 1950-1951, ont eu
23 7 ou 8 mois où ils n'avaient pas d'emploi; ceux qui
24 étaient dans le commerce maritime ont perdu tout leur
25 avoir ou ont dû s'en aller ailleurs. Il y a donc
26 aussi le problème de sécurité de ces employés qui
doivent changer d'industrie.

27 ME. PAUL GERIN-LAJOIE: En page 15 de votre
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1 mémoire vous signalez la diminution de production
2 dans les chantiers maritimes. D'abord, est-ce que
3 vous seriez d'accord pour dire qu'il doit y avoir
4 eu et doit y demeurer nécessairement une diminution
5 de production pendant la période actuelle et les
6 dernières années, par rapport à la période de guerre?
7 Vous ne prétendez pas que le Canada aurait dû main-
8 tenir et aurait dû avoir depuis la guerre, une pro-
9 duction maritime aussi considérable qu'il avait
10 pendant la guerre?

11 M. RAYMOND PARENT: Je regrette de ne pas pouvoir
12 répondre précisément à votre question car je ne
13 connais pas exactement le niveau de la marine mar-
14 chande à ce moment et le niveau de la marine de
15 guerre, et la proportion dans le commerce extérieur
16 à ce moment, ainsi que le volume de cabotage ou de
17 marchandise transportée, etc. Alors, comme je n'ai
18 pas cette information, il est difficile de faire
19 une admission.

20 ME. PAUL GERIN-LAJOIE: Si le Canada a participé
21 à la guerre comme il l'a fait, est-ce qu'il ne devrait
22 pas avoir une spécification de guerre dans les chan-
23 tiers maritimes, comme dans les industries de canons,
24 etc., ou est-ce qu'on ne devrait pas constater une
25 diminution dans ces industries, si non la disparition
26 complète dans certains cas?

27 M. RAYMOND PARENT: Il y a le fait que nous sig-
28 nalons, c'est un point important, si nous voulons
29 concurrencer avec une marine marchande à date. En
30 temps de guerre on est mobilisé pour construire des

navires de guerre; la marine marchande vieillit durant ce temps. Immédiatement après la guerre il y a plusieurs navires qui sont devenus désuets et devaient être remplacés. Quel volume imputer c'est difficile à évaluer, théoriquement.

ME. PAUL GERIN-LAJOIE: Je constate par les chiffres en page 15, en 1939 la production des chantiers maritimes canadiens était 1/7 de 1% de la production mondiale et en 1953 elle était de 1 3/4%; est-ce que vous ne trouvez pas là que c'est une amélioration très notable au Canada par rapport aux autres pays maritimes du monde?

M. RAYMOND PARENT: Il faut noter l'augmentation proportionnelle des autres pays pour voir comment ça s'est présenté chez nous.

ME. PAUL GERIN-LAJOIE: Si vous prenez le tableau en page 14, vous constatez, par exemple, page 15, vous comparez avec certains pays, le Canada a augmenté son tonnage d'environ 1/5, alors que l'augmentation pour le monde entier est de 2 2/5 et vous donnez la liste de certains pays; maintenant à la page 14, aux Etats-Unis, en 1943, le tonnage était, en chiffres ronds, de 12,000 tonnes, et est tombé à 500; il s'agit de milliers de tonnes; alors, aux Etats-Unis en 1943, vous avez 11,580,000, et en 1953, 528,000. En 1953 aux Etats-Unis, la production est 1/20 de ce qu'elle était en 1943. Si je regarde les chiffres canadiens, 996,000 tonnes en 1943, et 87,000 tonnes en 1953, donc, en proportion, la production maritime canadienne a diminuée beaucoup moins qu'aux

1 Etats-Unis. Il y a beaucoup plus que les chiffres
2 en page 15. Les Etats-Unis se trouvaient loin des
3 activités militaires et c'est ici que se faisait
4 la production, et en Europe c'était durant la
5 guerre, alors en Europe il devrait y avoir une
6 ascension beaucoup plus grande?

7 M. RAYMOND PARENT: Prenons les Etats-Unis et
8 comparons les depuis 1933 avec 25 milliers de tonnes;
9 nous voyons que jusqu'au moment de leur participation
10 à la guerre en 1940 il y eut une augmentation
11 constante. Il y a eu une période de guerre pour
12 la leur comme pour la nôtre. Immédiatement après
13 la guerre, en 1946, par exemple, ils ont repris le
14 même niveau qu'ils avaient en 1940. Ce niveau s'est
15 maintenu; donc il faut supposer qu'ils ont remplacé
16 la marine marchande vieillie; ils ont eu une période
17 tranquille en 1947-48, et dès 1949, ils reprenne leur
18 moyenne normale de reconstruction.

19 ME. PAUL GERIN-LAJOIE: Est-ce qu'on peut con-
20 tinuer?

21 M. RAYMOND PARENT: Certainement.

22 ME. PAUL GERIN-LAJOIE: En 1950, ça baisse, et en
23 1951 aussi, pour reprendre un peu après, et précisé-
24 ment, si on revient à votre suggestion de l'aide
25 gouvernementale pour remédier à la situation et qu'on
26 est comparé aux Etats-Unis. Est-ce que les subven-
27 tions, aux Etats-Unis n'ont pas remédié à la recon-
28 struction considérable; vous passez là de 437, 166,
29 468, 528 milles tonnes, en page 14?

30 M. RAYMOND PARENT: Si vous prenez les années



1 d'avant guerre, on voit 112, 239, 201, 422, 579;
2 1035 en 1941 en milliers de tonnes, il y a eu une
3 production constante, à-peu-près. En 1946 leur
4 marine marchande avait été considérablement rem-
5 placés, ça va expliquer le 501 à ce moment. Qu'ils
6 aient passé par la même période de réajustement que
7 nous, durant les années 1946-47, mais après cela ils
8 ont maintenu leur production d'avant guerre.

9 ME. PAUL GERIN-LAJOIE: Est-ce qu'ils l'ont
10 maintenue en 1950-51?

11 M. RAYMOND PARENT: Ils l'ont maintenue tandis
12 qu'ici on a dégringolé royalement.

13 ME. PAUL GERIN-LAJOIE: Est-ce que nous avons
14 tellement dégringolé en 1953. En 1953, est-ce qu'il
15 n'y a pas une certaine reprise d'ascension comme aux
16 Etats-Unis. Je vous demande une comparaison entre
17 les deux, car plus loin vous citez les Etats-Unis
18 comme un exemple où la situation a été améliorée.
19 Alors, je me demande, au point de vue stabilité, au
20 point de vue maritime, la situation est meilleure
21 là que celle du Canada réellement?

22 M. RAYMOND PARENT: Voivi; il y a sûrement une
23 différence; cette comparaison indique un certain
24 nombre de choses mentionnées auparavant; nous avons
25 une fluctuation beaucoup plus grande: en 1947, 104,
26 en 1948, 102, en 1949, c'est 69.7, en 1950 - 40.2,
27 en 1951 - 55.1, en 1952 - 67.7, et en 1953 - 87.2;
28 en 1954, ce n'est pas encore connu. Alors nous
29 avons une fluctuation plus grande que là propor-
30 tionnellement. Il y a aussi le tonnage qui est un



1 facteur, mais je n'ai pas la comparaison, je ne crois
2 pas que le mémoire indique de chiffres sur le nombre
3 de travailleurs dans l'industrie, ce serait une
4 parallèle à ce tableau pour voir combien il y a de
5 travailleurs dans les chantiers maritimes américains.
6 Je sais, de mémoire, que c'est beaucoup plus stable
7 qu'ici.

8 ME. PAUL GERIN-LAJOIE: Est-ce que vous seriez
9 en mesure de donner des chiffres à la Commission
10 lorsqu'elle passera à Montréal? Ce serait utile,
11 car les chiffres que nous avons ici ne démontrent
12 pas complètement les conclusions que vous en tirez
plus loin.

13 LE COMMISSAIRE MARCEL BELANGER: Ce serait d'au-
14 tant plus utile car aux Etats-Unis on a réservé le
15 cabotage aux navires américains; et on constate en
16 1953, la construction maritime aux Etats-Unis était
17 à-peu-près 4% de ce qu'elle était en 1943; ici,
18 elle est de 10%. Je me suis posé la même question.
19 Je me suis demandé, si par exemple, nous recommandions
20 que le cabotage soit réservé - c'est surtout le prin-
21 cipal point - jusqu'à quel point on pourrait aider
22 les chantiers maritimes canadiens - en lisant les
23 fiches j'ai la même réaction que Monsieur Gérin-
24 Lajoie - aux Etats-Unis il me semble que ça n'a pas
25 avoir remédié à la situation; ils sont dans une
26 situation pire que la nôtre.

27 M. RAYMOND PARENT: Je vais soumettre au Secré-
28 taire de la Commission une soumission supplémentaire
29 concernant l'emploi.
30



1
2 LE COMMISSAIRE MARCEL BELANGER: C'est ce qui m'a
3 frappé le plus; ça mérite des éclaircissements, car
4 personnellement, je me demande jusqu'à quel point la
5 réservation du cabotage pourrait aider, si on s'en
6 tient à l'exemple des Etats-Unis?

7 ME. PAUL GERIN-LAJOIE: Si vous permettez que je
8 réfère à la conclusion de la page 17, on lit: "Le
9 Canada est le seul pays constructeur de navires au
10 monde qui laisse désagréger son industrie maritime".
11 Je ne demande jusqu'à quel point ça correspond au
12 tableau en page 16. Il y a des chiffres qui ne vont
13 pas plus loin; en 1952 il s'est dépensé au Canada
14 7/10 de 1% de la somme totale dépensée dans le monde
15 pour les chantiers maritimes, et en 1953 c'est monté
16 à 9/10 de 1%. Est-ce qu'on peut parler de désagrégation?
17 Est-ce qu'il n'y a pas une augmentation, de
18 cette façon?

19 LE COMMISSAIRE MARCEL BELANGER: Aux Etats-Unis,
20 c'est baissé de 8.3% à 6%.

21 ME. PAUL GERIN-LAJOIE: On constate que la pro-
22 duction de tous les pays a diminuée durant cette
23 période, alors qu'au Canada elle a augmentée. Si on
24 constate une diminution sur le total c'est qu'il y a
25 quelques nouveaux pays qui entrent dans la liste, ce
26 qui compense pour les autres pays maritimes?

27 M. RAYMOND PARENT: En 1953 ça semble avoir été
28 plus tranquille dans l'ensemble du monde pour la con-
29 struction; au Canada en 1952, on était au neuvième
30 rang, pour reprendre le treizième rang en 1953.

ME. PAUL GERIN-LAJOIE: Je crois que les chiffres



1 que vous présentez, d'après votre tableau, représen-
2 tent les navires marchands; quant au rang, le Canada
3 est le treizième dans les deux places citées en page
4 17; le Canada est le treizième pays producteur?

5 M. RAYMOND PARENT: Oui, c'est le nombre de
6 navires.

7 LE COMMISSAIRE MARCEL BELANGER: Au point de vue
8 tonnage, ça n'a pas changé?

9 ME. PAUL GERIN-LAJOIE: Au point de vue pourcen-
10 tage de la somme dépensée?

11 M. RAYMOND PARENT: C'est ça.

12 ME. PAUL GERIN-LAJOIE: Etes-vous en mesure de
13 donner une explication en conclusion ou préférez-vous
14 la donner plus tard?

15 M. RAYMOND PARENT: Je n'ai pas l'information
16 présentement.

17 ME. PAUL GERIN-LAJOIE: Comme la dernière phrase
18 de la page 17 paraît contredire le tableau de la
19 page 16, si vous êtes en mesure d'expliquer cela plus
20 tard, vous pourrez le faire, car autrement, en tenant
21 compte simplement des renseignements soumis, il
22 serait difficile d'accepter l'affirmation de la page
23 17 telle quelle?

24 LE COMMISSAIRE MARCEL BELANGER: Vous terminez
25 page 17 en disant "Le Canada est le seul pays con-
26 structeur de navires au monde qui laisse désagréger
27 son industrie maritime"; c'est fort, car on voit,
28 par exemple, les Etats-Unis?

29 ME. PAUL GERIN-LAJOIE: Tous les autres pays men-
30 tionnés ont eu une diminution. C'est bien sûr qu'il



1 s'agit de deux années, ce n'est peut-être pas complet,
2 mais c'est ce que je note dans ce mémoire?

3 M. RAYMOND PARENT: Nous fournirons des explica-
4 tions supplémentaires.

5 ME. PAUL GERIN-LAJOIE: C'est très bien. Mainte-
6 nant en page 17 de votre mémoire est-ce que vous ne
7 semblez pas couvrir le commerce maritime océanique
8 et le commerce intérieur, le cabotage proprement dit.
9 Quand on examine les fiches, vous référez à la flotte
10 de l'Atlantique; vous parlez de cela à plusieurs
11 reprises. Est-ce que vous confondez les deux. Est-
12 ce qu'il n'y a pas une partie de vos représentations
13 qui débordent les créances de la Commission présente?

14 M. RAYMOND PARENT: Voici; il y a une explication
15 très précise. Nous avons adressé une lettre à la
16 Commission, je crois, disant que le présent mémoire
17 avait été fait pour présenter au Cabinet fédéral
18 avant que la Commission soit formée; alors il y a
19 une certaine partie qui ne s'applique pas à la juri-
20 diction de la Commission; ça ne change pas les
21 conclusions cependant.

22 ME. PAUL GERIN-LAJOIE: Les conclusions sont basées
23 sur des faits et où l'on parle de la flotte de cabo-
24 tage, la Commission sera en mesure de tirer certaines
25 conclusions selon son mandat.

26 M. RAYMOND PARENT: Là où nous traitons de la
27 flotte de l'Atlantique, ce sont des chapitres qui ne
28 sont pas mariés à la flotte de cabotage; ils peu-
29 vent arriver aux mêmes conclusions, mais je ne crois
30 pas qu'ils ajoutent.



1
2 ME. PAUL GERIN-LAJOIE: Je vais donner un exemple
3 des difficultés dans les chantiers maritimes; il
4 peut y avoir des contrats pour navires océaniques ou
5 navires de cabotage. Si on construit beaucoup plus
6 de navires océaniques, que de navires de cabotage,
7 ou inversement, ça changerait tout le mandat du
travail présent de la Commission?

8 M. RAYMOND PARENT: Nous avons envisagé le pro-
9 blème d'ensemble et je crois que les conclusions le
10 disent, que nous soumettons que la marine marchande,
11 que ce soit pour fins de cabotage ou de transport
12 océanique, devrait recevoir des subventions. Si la
13 Commission n'a juridiction que sur le cabotage, nous
14 comprenons que notre mémoire peut, à plusieurs abords,
15 sembler traiter d'autre chose, mais étant donné les
16 motifs que nous invoquons pour expliquer une telle
17 situation, il ne peut pas être très préjudiciable
ou embêter la Commission.

18 ME. PAUL GERIN-LAJOIE: Je vais donner un exemple
19 qui a une importance. Vous parlez de fluctuations
20 très importantes dans les chantiers maritimes cana-
21 diens, et la concurrence des chantiers étrangers
22 également. Est-ce qu'il n'est pas possible - j'ai
23 déjà entendu dire, par exemple, que les chantiers
24 maritimes canadiens sont aussi bien équipés pour
25 construire des navires que les chantiers maritimes
26 anglais, alors que pour les navires océaniques, la
27 concurrence des chantiers maritimes du Royaume-Uni
28 serait plus sérieuse. Si tel est le cas, on ne
29 pourrait pas prendre les chiffres que vous donnez
30

1 qui s'appliquent à l'ensemble, comme invitant les
2 conclusions que vous tirez au point de vue du cabotage
3 en particulier?

4 M. RAYMOND PARENT: Je peux citer le cas d'une
5 présente industrie de chantier maritime, la Davies
6 Ship Building de Lauzon où la grande partie de leur
7 travail a été la construction de deux tankers à
8 l'huile de 28,000 tonnes pour transport en haute
9 mer et un autre navire pour la Saguenay Terminal
10 également. Il semble, pour cette compagnie, le fait
11 qu'elle a réussi à les construire, dans le décor de
12 la situation actuelle, prouve qu'elle est en mesure
de le faire.

13 ME. PAUL GERIN-LAJOIE: Dans les circonstances où
14 votre mémoire a été préparé, si vous voulez reviser
15 votre mémoire vous êtes libre de le faire, mais tel
16 que c'est là, la Commission est obligée - c'est une
17 opinion que j'émetts à titre d'avocat de la Commission--
18 d'être bien prudent dans l'acceptation de toute con-
19 clusion des chiffres que vous exposez, car vous ne
20 faites pas distinction entre cabotage et navires
21 océaniques. J'attire votre attention sur cela car
22 si vous êtes en mesure de faire des distinctions plus
tard vous pourrez le faire; ce serait utile pour la
Commission.

23 -----
24 (Les séances de la Commission furent suspendues à
25 1.10 p.m.)

26 -----
27 (Les séances reprirent à 2.15 p.m.)
28 -----
29
30



1
2 ME. PAUL GERIN-LAJOIE: Nous sommes à la page 20,
3 au dernier paragraphe, qui se lit comme suit: "Il ne
4 peut y avoir de doute qu'une industrie maritime
5 stable requiert un vaste programme maritime subven-
6 tionné par le gouvernement et qui soit reparti
7 équitablement dans tous les chantiers maritimes
8 canadiens". D'abord, est-ce que vous préconisez une
9 subvention pour toute construction maritime, indis-
10 tinctement pour navires océaniques et navires de
11 cabotage?

12 M. RAYMOND PARENT: Oui, dès qu'ils soient con-
13 struits par des armateurs canadiens.

14 ME. PAUL GERIN-LAJOIE: Est-ce que vous croyez
15 que ce soit réellement essentiel, par exemple, dans
16 la région des grands lacs, d'où les bateaux ne peu-
17 vent sortir actuellement? Est-ce qu'il est nécessaire
18 d'avoir des subventions pour ces chantiers maritimes?

19 M. RAYMOND PARENT: Dans un avenir assez rapproché,
20 avec la canalization du St-Laurent, ils pourront
21 sortir, et les autres navires pourront entrer beau-
22 coup plus facilement qu'actuellement; ils vont tomber
23 sur un pied de quasi-concurrence avec les autres.

24 ME. PAUL GERIN-LAJOIE: Est-ce que vous préconisez
25 un système de subventions, indépendamment de besoin
26 de navires?

27 M. RAYMOND PARENT: Non, c'est dans le décor où
28 nous aurions une marine marchande suffissante, et
29 ça signifie pour nous l'exclusivité du cabotage et
30 possibilité d'avoir une marine pouvant transporter
environ 50% de nos exportations ou de nos importations.



1 ME. PAUL GERIN-LAJOIE: C'est en ce qui concerne
2 le transport océanique?

3 M. RAYMOND PARENT: Oui. Pour le cabotage c'est
4 l'exclusivité. Nous préconisons des subventions pour
5 monter une telle flotte et permettre aux armateurs
6 canadiens de faire un cabotage à coût raisonnable et
7 en même temps ça accélère la construction dans nos
8 chantiers maritimes canadiens.

9 ME. PAUL GERIN-LAJOIE: Est-ce que vous croyez
10 qu'un système de subventions remédierait aux fluctua-
11 tions dans la construction maritime constatées
12 depuis un certain nombre d'années?

13 M. RAYMOND PARENT: Je donnais de mé moire des
14 chiffres qui n'apparaissent pas ici; sur 509
15 navires de plus de 500 tonnes, je disais qu'il y en
16 a 246 qui ont été construits en dehors du Canada.
17 Si un nombre aussi considérable de navires apparte-
18 nant au Canada furent construits à l'étranger, c'est
19 sûrement, pour une grande partie, à cause d'un plus
20 bas coût obtenu ailleurs ou, pour une faible partie,
21 à cause de navires de construction spéciale qu'on ne
22 pouvait pas faire au Canada, mais c'est surtout à
23 cause du coût moins élevé ailleurs. Nous disons
24 qu'il est essentiel d'avoir notre propre moyen de
25 transport par eau, par terre et par air, subventionné
26 pour qu'ils soient construits et opérés de façon et
27 dans des conditions normales.

28 ME. PAUL GERIN-LAJOIE: Je comprends cela, mais
29 est-ce que ça remédierait aux fluctuations dans la
30 construction?



1 M. RAYMOND PARENT: A l'heure actuelle, nos chan-
2 tiers maritimes ont été presque exclusivement une
3 industrie qui a surtout construit des navires pour
4 fin de guerre. Alors, lorsque l'on parle, à l'heure
5 actuelle, de fluctuations, si nous regardons l'emploi
6 en temps de paix, c'est à un niveau exclusivement
7 bas. Je vais prendre un cas, par exemple, un chantier
8 maritime qui a baissé de 2,000 travailleurs à 250.

9 ME. PAUL GERIN-LAJOIE: Qu'est-ce que vous enten-
10 driez par normal?

11 M. RAYMOND PARENT: Je suppose les dernières
12 années, 1951, 52, 53, ainsi que 47 et 48, mais non
13 pas le déclin en 1950, et non pas la période de
14 guerre. Alors, prenons un chantier qui employait
15 normalement 2,000 travailleurs, tombé à 250 travail-
16 leurs; il n'y avait pas de personnel de construction
17 à ce moment tragique; c'était le personnel de sur-
18 veillance et d'entretien. Il est clair que si nous
19 avons un programme de construction maritime ordonné,
20 subventionné, ce serait un stimulant à la construc-
21 tion au pays, ça permettrait à l'industrie de vivre
22 et aux travailleurs de travailler à un emploi plus
23 stable.

24 ME. PAUL GERIN-LAJOIE: Vous dites "Un programme
25 de construction maritime ordonné et subventionné";
26 vous employez les deux termes; est-ce que vous les
27 considérez synonymes?

28 M. RAYMOND PARENT: Non, voici; j'indiquais tout-
29 à-l'heure que si nous devons posséder nos propres
30 moyens de transport, ce serait normal que ses navires



1
2 soient construits ici. Si nous n'avons pas la possi-
3 bilité de construire il semble économiquement impossi-
4 ble que les armateurs ou constructeurs de navires
5 puissent seul assumer le surplus du coût de la con-
6 struction ici, comparé aux autres pays dans le décor
7 d'une réglementation qui fait que les navires soient
8 construits ici si nous ne voulons pas qu'il y ait
9 préjudice. Ça nous apparaît essentiel pour la
10 sécurité du pays. Je crois que c'est l'ensemble de
la population qui doit contribuer par subsides.

11 ME. PAUL GERIN-LAJOIE: Est-ce que les construc-
12 tions de navires de cabotage ne seraient pas subven-
13 tionnées si le cabotage était restreint au transport
au Canada?

14 M. RAYMOND PARENT: En ce moment vous auriez, dans
15 le décor où on procéderait comme cela, un problème
16 avec les navires existant actuellement et ça dé-
17 balancerait le coût des navires qui serviraient pour
18 le transport de haute mer et le coût des navires qui
19 serviraient pour fins de cabotage.

20 ME. PAUL GERIN-LAJOIE: Est-ce qu'il y a objection?

21 M. RAYMOND PARENT: Si un armateur avait les deux
22 transports de haute mer et cabotage il n'aurait pas
23 besoin de subvention pour cabotage car il en aurait
24 l'exclusivité; il devrait charger des frais plus
25 élevés qu'en haute mer s'il devait absorber cela lui-
26 même et si les usagers du cabotage étaient obligés
27 d'en assumer tous les prix à ce moment, il n'y aurait
28 pas de concurrence possible car le transport par eau
29 coûterait beaucoup plus cher que les autres moyens
30

1 de transport.

2 ME. PAUL GERIN-LAJOIE: Les chemins de fer, par
3 exemple, prétendent que la concurrence des navires
4 de cabotage va leur rendre les conditions impossibles
5 s'il n'y a pas de réglementation du tarif pour élever
6 les prix du transport à l'intérieur du Canada. Si
7 la construction maritime à l'intérieur n'était pas
8 subventionnée dans ces cas, la marine intérieure
9 devrait monter les prix du transport de marchandise.
10 Est-ce que ces navires pourraient le faire aux prix
des chemins de fer?

11 M. RAYMOND PARENT: Ce qui nous frappe vis-à-vis
12 les chantiers maritimes, c'est que les chemins de
13 fer sont propriétaires de bateaux et font construire
14 en dehors du pays.

15 ME. PAUL GERIN-LAJOIE: Il ne faut pas mêler les
16 cartes. Supposons que tous les navires seraient
17 construits au Canada. Est-ce que vous considérez
18 essentiel l'octroi de subventions par le gouvernement
à la construction de navires de cabotage?

19 M. RAYMOND PARENT: Je crois que c'est nécessaire
20 pour équilibrer les frais de transport. Il n'y a
21 pas de doute, je ne me présente pas comme un expert
22 dans la matière, mais il n'y a pas de doute dans mon
23 esprit et dans mon opinion, que si les armateurs
24 qui opèrent des caboteurs sont obligés d'encourir
25 tous les frais de la construction de leurs navires
26 au pays ici, et sont obligés d'opérer leurs navires
27 selon les frais canadiens, ils seront aux prises
avec un problème de taux de transport.

28

29

30



1
2 ME. PAUL GERIN-LAJOIE: Vous faites comparaison
3 avec quoi et qui?

4 M. RAYMOND PARENT: Il y a d'abord l'industrie
5 du camionnage et les chemins de fer.

6 ME. PAUL GERIN-LAJOIE: Ce serait une question
7 d'ajustement avec ces deux industries de transport?

8 M. RAYMOND PARENT. Sans doute.

9 ME. PAUL GERIN-LAJOIE: Est-ce que vous admettez
10 que le problème de construction maritime pour cabotage
11 est différent que pour les constructions océaniques,
12 car ces derniers navires ne sont pas construit sur
le même plan?

13 M. RAYMOND PARENT: Le problème peut monter à des
14 causes différentes, mais je pense que la solution
15 est la même.

16 ME. PAUL GERIN-LAJOIE: Passant à un autre point,
17 page 21 - incidemment, un point que nous envisageons -
18 vous dites: "L'industrie canadienne des chantiers
19 maritimes se serait trouvée fort mal en point en
20 1953, n'eût été du programme de construction de la
21 Marine." C'est le point que j'avais en vue ce matin.
22 Est-ce que les contrats du gouvernement n'ont pas
23 obvié, à cette époque, aux effets du décroissement
24 dans la construction maritime?

25 M. RAYMOND PARENT: En 1953, oui. Car en chantier,
26 lorsque normalement ils employaient 2,000 ouvriers
27 on a réussi en 1953 à avoir un personnel d'environ
28 1,500, alors qu'en 1950 c'était tombé à 250 travail-
29 leurs, alors, en 1953 cela a sûrement aidé.

30 ME. PAUL GERIN-LAJOIE: Au tableau F, page 22,



1
2 vous indiquez que le Canada a une proportion beaucoup
3 plus considérable que les autres pays, de navires
4 anciens; est-ce que c'est attribuable au fait que
5 les autres pays, à part des Etats-Unis, que les
6 autres pays ont eu des bateaux détruits par la guerre
7 et ont dû les remplacer et par conséquent ont des
8 bateaux plus récents?

9 M. RAYMOND PARENT: Il y a eu des pays qui n'ont
10 pas participé à la guerre. Si vous prenez tous les
11 pays d'Europe, ils ont les mêmes taux, que ce soit
12 ceux qui ont participé à la guerre ou non.

13 LE COMMISSAIRE MARCEL BELANGER: Est-ce que ce
14 serait aussi dû au fait que les bateaux canadiens
15 ne naviguent pas dans l'eau salée?

16 M. RAYMOND PARENT: Non. Je disais ce matin les
17 armateurs américains se font construire aux Etats-
18 Unis, utilisent leurs navires et les déprécient pen-
19 dant 20 ou 25 ans, ensuite les vendent au Canada à
20 des prix de sacrifice peut-être, et s'en font con-
21 struire des neufs à cause du programme de subventions
22 afin de tenir leur flotte à date. Sur 309 navires
23 enregistrés en 1954, nous avons 160 de plus de 50
24 ans, et sur les 106 venant des Etats-Unis la propor-
25 tion est encore plus grande de vieux bateaux. Je
26 pense que ce n'est pas dû à la destruction de la
27 guerre, car depuis un certain nombre d'années le
28 problème de la marine marchande a été mis en
29 veilleuse.
30

31 M. PAUL GERIN-LAJOIE: Le problème que souligne
32 le Commissaire Bélanger est celui-ci: est-ce que
33

le type d'eau intérieure que nous avons ici ne se prête pas plus à des navires moins modernes. Ce n'est pas une suggestion, mais une question que je vous pose?

M. RAYMOND PARENT: Je ne peux pas vous répondre.

LE COMMISSAIRE MARCEL BELANGER: Est-ce qu'à prime-vue, un navire en eau douce peut résister plus longtemps qu'en eau salée? C'est une comparaison?

M. RAYMOND PARENT: Je puis citer un exemple au Commissaire Bélanger; nous avons, il la connaît très bien, la traverse de Lévis; on est obligé d'y enlever la vapeur tous les ans et diminuer la vitesse car ils sont tellement vieux ces traversiers qu'ils ne suffisent plus et sont désuets à l'heure actuelle.

LE COMMISSAIRE MARCEL BELANGER: Peut-être que le Président de la Traverse n'est pas d'accord avec vous?

M. RAYMOND PARENT: Ca se peut.

ME. PAUL GERIN-LAJOIE: Il y a un autre point sur lequel j'aimerais des explications; vous dites: "Il est incontestable qu'une industrie maritime et une marine marchande canadienne sont (a) des instruments vitaux de politique nationale." J'aimerais que vous explicitiez un peu comment c'est un élément vital de la politique nationale, si vous êtes en mesure de la faire?

M. RAYMOND PARENT: Voici; il y a une affirmation de principe et ça vérifie encore beaucoup plus pour le Canada à cause de sa situation géographique; nous sommes baignés des quatre côtés et nous avons une des plus longues routes navales au monde pour un pays.



1
2 Alors, il n'y a pas de doute - d'autant plus qu'une
3 grande partie de notre économie est basée sur une
4 économie d'exportation - il n'y a pas de doute qu'il
5 est sûrement important pour l'économie nationale que
6 nous ayons nos moyens de transport et nos moyens
7 libres de commercer. C'est dans cette perspective
8 que nous disons que c'est un élément vital de
9 politique nationale.

10 ME. PAUL GERIN-LAJOIE: Au point de vue intérieur,
11 pour bien distinguer les questions, est-ce que vous
12 considérez cela vital par rapport aux chemins de fer
13 et transport par camions?

14 M. RAYMOND PARENT: Oui, car nous avons quand-même
15 une organisation économique, un système de ports, et
16 une partie considérable du transport qui se fait par
17 eau. Si ce sont des propriétaires de navires étran-
18 gers qui font notre cabotage, qu'il arrive une période
19 de tension internationale et qu'un pays soit mêlé
20 dans le conflit, il est clair que ces bateaux seront
21 rappelés à leur lieu d'origine et nous allons être
22 désorganisés au point de vue transport par le
23 cabotage.

24 ME. PAUL GERIN-LAJOIE: Encore en page 24, vous
25 dites: "Essentiels au maintien d'un rôle indépendant
26 dans le commerce international." De ce côté-ci
27 notre commerce international est assumé en grande
28 partie par des navires étrangers. Quelle objection
29 y voyez-vous?

30 M. RAYMOND PARENT: Encore là, il apparaît tout-
à-fait normal que pour un pays indépendant qui veut



1 commercer sur une base évidemment internationale,
2 qu'il soit en mesure de pouvoir transporter soit ses
3 achats ou ses ventes, qu'il ait de la liberté de
4 faire le transport. Nous disons que justement un
5 pays qui veut s'affranchir doit posséder la possi-
6 bilité de commercer avec les autres pays dans une
7 proportion d'environ 50% pour ne pas être dans un
8 état d'infériorité.

9 ME. PAUL GERIN-LAJOIE: S'il y a un nombre de
10 pays maritimes ayant un grand nombre de bateaux à
11 disposer, étant donné le libéralisme économique dans
12 le transport maritime, est-ce que le Canada ne peut
13 pas être assuré d'avoir des bateaux disponibles pour
14 assurer son commerce international?

15 M. RAYMOND PARENT: C'est dans le même décor que
16 le cabotage; ce sont les étrangers qui ont les
17 moyens de transport. Dans le commerce, c'est nous
18 qui avons l'inconvénient si nous n'avons pas la
19 liberté d'organiser notre transport. S'il y a de
20 la guerre les vaisseaux vont retourner à leur pays
d'origine et on aura rien dans les mains.

21 ME. PAUL GERIN-LAJOIE: En page 25, si vous voulez
22 jeter un coup d'oeil, il y a le tableau H, les chif-
23 fres que vous donnez sont ils en dollars ou en
"cents"?

24 M. RAYMOND PARENT: Ils sont en "cents"; ce
25 sont les gages horaires moyens des salaires payés
26 à l'heure au Canada; ils sont en "cents".

27 ME. PAUL GERIN-LAJOIE: Dans ces différents
28 tableaux G, H, I, vous faites des comparaisons avec
29
30



1
2 les Etats-Unis. Vous n'avez pas de comparaisons
3 identiques avec le Royaume Uni. Vous faites ressortir
4 qu'ils ont des salaires plus élevés que dans
5 d'autres industries que vous mentionnez. Vous ne
6 savez pas si la situation n'est pas différente au
7 Royaume Uni, plutôt comparable à la nôtre?

8 M. RAYMOND PARENT: Je n'ai pas de chiffres dans
9 le mémoire, ni qui me viennent à la mémoire. Il y a
10 une raison pour laquelle ce n'est pas indiqué, car
11 nous vivons sur le Continent Nord-américain, et notre
12 standard de vie est beaucoup plus basé sur ce con-
13 tinent que sur celui d'Europe car nous devons tenir
14 compte de cette entité économique.

14 ME. PAUL GERIN-LAJOIE: En page 26, vous dites:
15 "Malgré ces considérations, nous avons la preuve
16 que le Canada peut construire des navires d'une
17 façon économique et pour l'exportation." Et vous
18 soulignez cela. Vous dites que vous avez la preuve.
19 Est-ce que vous pouvez expliquer cela? Vous donnez
20 quelques exemples de navires construits, mais plus
21 tard, en page 27, vous dites qu'il y a d'autres
22 facteurs que le coût; vous parlez de la date de
23 livraison, l'habileté à construire des navires
24 spéciaux, la disponibilité de moyens et de matériaux,
25 etc. Avez-vous réellement la preuve que le Canada
26 peut construire de façon économique des navires pour
27 l'exportation?

26 M. RAYMOND PARENT: Il y a d'abord le premier
27 fait - non pas un cas unique mais plusieurs cas, où
28 il y en a eu de construit. Il y a le deuxième fait,



1 qui est sûrement un facteur que nous ne pouvons peut-
2 être pas donner de façon mathématique, mais qui est
3 un fait reconnu dans l'industrie, ce sont les méthodes
4 de production de construction maritime. Les méthodes
5 de construction maritime dans les chantiers maritimes
6 d'Europe, avec leur technique de production et le
7 point où ils en sont rendue au point de vue mécanisa-
8 tion, ils ne sont pas en mesure de construire aussi
9 rapidement que nous le pouvons au Canada ou aux
10 Etats-Unis car nos méthodes de production sont beau-
11 coup plus conditionnées par le progrès des Etats-
12 Unis, plus que par le progrès Européen.

13 ME. PAUL GERIN-LAJOIE: Vous dites "construire
14 de façon économique". Est-ce que ce serait au
15 bénéfice de l'acheteur? Avez-vous des preuves
16 spéciales ou si c'est justifié par des faits
17 distincts? Tout le long de votre mémoire, il me
18 semble vous mentionnez qu'à l'heure actuelle au
19 Canada, la construction maritime canadienne ne peut
20 pas concurrencer la construction maritime européenne
21 à cause du niveau élevé du coût au Canada. Je suis
22 frappé par cela, par votre prétention que le Canada
23 peut construire de façon économique?

24 M. RAYMOND PARENT: Evidement, l'affirmation est
25 faite sur les éléments de preuve donnés dans le cas
26 où il y en a eu de construit, et justement, construire
27 de façon économique, le coût de revient au sortir
28 du chantier d'un navire peut-être plus élevé comme
29 frais de construction, au Canada qu'en Europe, mais
30 à cause du temps que ça va prendre pour la construction

1 même, et à cause du port d'attache du navire, ce
2 sont des facteurs qui peuvent être assez importants,
3 un moment donné, pour influencer le coût d'un navire.
4 Par exemple, si nous pouvons construire un navire de
5 28,000 tonneaux en 18 mois, et que dans un chantier
6 d'Europe ils prennent, par exemple, 30 mois, il n'y
7 a pas de doute que les frais d'immobilization seront
8 plus élevés au Royaume-Uni qu'ici, parce que ça
9 prend plus de temps. C'est peut-être moins élevé
10 en salaires, mais nul doute plus élevés en frais
11 généraux. Je citais qu'en Angleterre on n'a pas
12 le même régime de vie, et tout le monde sait que les
13 charges sociales aux entreprises et aux travailleurs
sont beaucoup plus élevées qu'ici.

14 ME. PAUL GERIN-LAJOIE: D'une façon générale,
15 quand un navire sort d'un chantier maritime du
16 Royaume Uni, est-ce que ce n'est pas exact de dire
17 que généralement il coûterait meilleur marché qu'un
18 navire construit au Canada? Est-ce que ce n'est
19 pas ce que vous soutenez dans votre mémoire, et ce
20 qui est généralement admis? Si vous voulez dire la
21 construction de certains navires, mentionnés en page
22 27, je me demande si l'affirmation en page 26 est
23 distincte. Je ne cherche pas à vous embarrasser,
24 mais je désire éclaircir ce que vous aviez en vue
25 en parlant de construction maritime au Canada de
26 façon économique, si ce n'est rien de distinct de
27 ce que vous mentionnez en page 27?

28 M. RAYMOND PARENT: Non, ce n'est pas distinct; c'
29 c'est l'affirmation générale avec des preuves
30



1 données après.

2 ME. PAUL GERIN-LAJOLIE: En page 28, Il est question
3 des salaires dans diverses parties du Canada, en
4 particulier la Colombie-Britannique. Je cite, com-
5 mençant à la quatrième ligne du premier paragraphe:
6 "Ces tableaux réfutent complètement la prétention
7 que les ouvriers des chantiers maritimes de Colombie-
8 Britannique se sont eux-mêmes exclus du marché par
9 des augmentations excessives de salaires." Vous em-
10 ployez le mot "excessif" par rapport à ce qui est payé
11 dans le reste du pays. Est-ce que le tableau J ne
12 démontre pas le contraire. Ils se sont exclus des
13 augmentations de salaires beaucoup plus considérables
14 que celles survenues dans l'Est? Disons sensiblement?

15 M. RAYMOND PARENT: Ils sont un peu plus élevés;
16 disons qu'ils n'ont pas été excessifs. Ce qui n'est
17 pas au tableau - ça va expliquer - en 1945 les taux
18 de salaires étaient 145.6; dans les chantiers mari-
19 times ils étaient 145.9; alors, en 1945, les salaires
20 étaient à-peu-près au même niveau, comme indice.
21 En 1952, ce sont les chiffres connus de "l'Industry
22 Manufacturers", l'indice était 277. et dans les
23 chantiers maritimes, 229. Ce qui indique que de
24 1945 à 1952, les salaires dans les chantiers mari-
25 times ont beaucoup moins augmenté que l'ensemble
26 des salaires de l'Industry manufacturers. C'est un
27 premier indice. Il est clair que les augmentations
28 de salaires n'ont pas été excessives et n'ont pas
29 eu pour effet de les exclure du marché du travail.
30 Au point de vue industriel même, il y a un fait qui



1 n'est pas vérifié, mais qui m'a été fréquemment répété,
2 c'est qu'ici, je veux dire dans l'est, un travailleur
3 dans les chantiers maritimes de l'est...

4 ME. PAUL GERIN-LAJOIE: Voulez-vous dire Québec,
5 Ontario ou les Maritimes?

6 M. RAYMOND PARENT: Ce serait un homme attitré à
7 une occupation donnée; en Ontario, par exemple, ils
8 ont des "key-men" des hommes-combinaison, qui vont
9 faire deux opérations. C'est une opération qui peut
10 expliquer leurs taux plus élevés, c'est possible.
11 Mais comme moyenne de gains, ce n'est pas très ou
12 tellement débalancé; mais quand on a des gains, il
13 faut tenir compte que c'est le gain total, il y a
14 les heures supplémentaires qui influencent. Il est
15 possible que les chantiers maritimes de la Colombie-
Britannique aient été plus élevés.

16 ME. PAUL GERIN-LAJOIE: Est-ce qu'il est normal
17 qu'avec des salaires hebdomadaires plus élevés le
18 coût de la construction maritime soit plus élevé?
19 Disons que les chantiers de la Colombie-Britannique
20 en fixant un contrat arrivent à des prix plus
21 élevés que les chantiers de l'est. Croyez-vous
22 cela possible ou avez-vous quelques observations
23 techniques à l'affirmation, ou une explication qui
irait à l'encontre de cela?

24 M. RAYMOND PARENT: C'est peut-être une possibilité;
25 je ne suis pas assez familier avec les conditions
26 de construction de la Colombie-Britannique pour en
27 dire plus que ça.

28 LE COMISSAIRE MARCEL BELANGER: C'est une
29
30



1
2 situation de pourcentage. Il est remarquable qu'au
3 Canada, de 1939 à 1945, il y a eu une augmentation
4 de 120%; en Colombie-Britannique, 150%; il y a
5 donc une différence de 30%.

6 M. RAYMOND PARENT: Oui.

7 ME. PAUL GERIN-LAJOIE: Le taux au Canada serait
8 influencé par celui de la Colombie-Britannique.
9 Maintenant, je réfère à la deuxième partie de la
10 page 35, dans les observations, comme vous les
11 appelez, qui ne découlerait pas du tableau du haut
12 de la page où il est question du commerce extérieur.
13 Ce que je comprends mal de votre tableau ou de votre
14 affirmation est où il est question de caboteurs,
15 ce qui ne semble pas découler du tableau du haut
16 de la page où il semble uniquement question du com-
17 merce extérieur.

18 M. RAYMOND PARENT: Voici la première observation:
19 "Le commerce caboteur américain est limité aux
20 navires américains enregistrés."

21 ME. PAUL GERIN-LAJOIE: Auriez-vous une autre
22 explication?

23 M. RAYMOND PARENT: Non, l'observation n'a aucune
24 relation avec le présent tableau, il n'y a pas de
25 doute.

26 ME PAUL GERIN-LAJOIE: Alors, ça va. Maintenant,
27 en page 39, on voit, et je cite: "Texte partiel du
28 mémoire de l'Association Canadienne de construction
29 et de réparations maritimes au Gouvernement du
30 Dominion, Juillet, 1944." Et à la page 40, au milieu,
il y a un paragraphe souligné qui se lit comme suit:

"Néanmoins, quoique tirant son aide et la plupart de ses revenus de sources en provenance du Dominion du Canada, sa politique relative à la construction, la réparation et l'opération de vaisseaux a fait très peu pour encourager le développement des intérêts canadiens en cause." Vous prenez la peine de souligner ce paragraphe. Ca fait parti d'un mémoire de 1944. Etes-vous en mesure de justifier le bien-fondé de ce paragraphe aujourd'hui, en 1955? Je vous pose cette question car hier, le représentant du Pacifique Canadien a exposé ici à la Commission que sa compagnie faisait construire au Canada un grand nombre de ses navires de cabotage et qu'elle y faisait réparer et entretenir aussi dans une grande mesure et qu'ils étaient tous opérés par des marins canadiens. Avez-vous des informations au sens contraire?

M. RAYMOND PARENT: Evidemment, je ne peux pas vous faire de pourcentage et établir exactement la totalité des faits, mais je sais que tout récemment on vient de lancer un navire, si j'ai bonne mémoire, en Allemagne, pour le compte du Pacifique Canadien.

ME. PAUL GERIN-LAJOIE: Référez-vous à un navire de cabotage?

M. RAYMOND PARENT: Non, c'est un océanique.

ME. PAUL GERIN-LAJOIE: C'est un autre point où il faut distinguer entre le commerce océanique et le cabotage.

M. RAYMOND PARENT: Nous avons remarqué ce matin, et nous nous en sommes excusés, que le Mémoire ne



1
2 faisait pas de distinction entre les deux, pour les
3 raisons qu'on a données.

4 ME. PAUL GERIN-LAJOIE: En page 48, quelque chose
5 ne paraît pas très clair, au quatrième paragraphe:
6 "Maintenant ce commerce est menacé par l'intrusion
7 des bateaux britanniques enregistrés en Grande-
8 Bretagne." Voulez-vous expliquer "le commerce qui
9 est menacé."? Est-ce que vous croyez que la mar-
10 chandise ne se transportera plus? C'est peut-être
11 autre chose que vous avez en vue?

12 M. RAYMOND PARENT: Evidemment, ce n'est pas
13 tellement le commerce qui est menacé; il va se
14 faire quand-même. C'est tout notre service de
15 cabotage canadien qui est menacé.

16 ME. PAUL GERIN-LAJOIE: Très bien. Maintenant,
17 au paragraphe suivant, à la troisième ligne: "c'est
18 encourager une concurrence qui, éventuellement et
19 dans un avenir rapproché, chassera toute concurrence
20 des bateaux enregistrés au Canada." Est-ce que vous
21 tenez à une affirmation aussi générale que celle-là?
22 Est-ce que vous croyez que toute concurrence dis-
23 paraîtra ou est-ce qu'il y a un certain type de
24 navires construits au Canada qui peuvent être plus
25 efficacement construits au Canada qu'à l'étranger,
26 comme par exemple des navires pour le transport du
27 minerai, du fer? Est-ce que ça ne peut pas être
28 aussi économiquement construit ici dans certains
29 cas, en tenant compte des spécifications requises
30 ailleurs dans le monde - en Angleterre, par exemple?

M. RAYMOND PARENT: Je pense qu'il y a peut-être

1 lieu de faire une correction grammaticale; je crois
2 qu'il serait plus juste de dire "rechasser". Je
3 citais plus tôt, les traversiers de Lévis; ils font
4 du transport à très courtes distances, et pourtant
5 il y a eu quelques un de ces navires construits en
6 Angleterre ou en Europe; alors, je me demande pour-
7 quoi répondre précisément à votre question.

8 ME. PAUL GERIN-LAJOIE: En page 50, pouvez-vous
9 donner quelques éclaircissements sur la partie
10 intitulée "aspects légaux"; vous parlez d'une
11 révision complète, nécessaire, de la loi de la
12 Marine Marchande 1934, de façon à modifier certaines
13 sections qui ne sont pas applicables au commerce
14 maritime. Pouvez-vous indiquer quelles sont ces
15 dispositions qui devraient être changées pour être
16 plus facilement applicables?

16 M. RAYMOND PARENT: Je regrette, mais je ne suis
17 pas familier du tout avec la loi.

18 ME. PAUL GERIN-LAJOIE: J'attire votre attention
19 sur cela, vous pourriez peut-être donner des expli-
20 cations par écrit plus tard, car si vous affirmez
21 que la revision est nécessaire et que des modifica-
22 tions précises seraient souhaitables, vous ne les
23 indiquez pas?

23 M. RAYMOND PARENT: Nous les ajouterons aux
24 explications que nous avons déjà promises.

25 ME. PAUL GERIN-LAJOIE: La même chose; et si
26 vous demandez une transcription, vous aurez cela
27 devant vous. Maintenant, en page 51, vous affirmez
28 que nous avons, au Canada des droits légaux mais
29
30

1 que nous avons besoin d'une législation nouvelle pour
2 protéger nos constructeurs. Il semble y avoir une
3 contradiction, c'est-à-dire que nous avons des droits
4 légaux et qu'on a besoin d'une législation nouvelle;
5 alors, ça demanderait des explications. En page 53,
6 vous affirmez la nécessité d'un changement dans la
7 loi régissant la marine en haute mer. Est-ce que
8 ceci s'applique uniquement au transport océanique
9 ou uniquement au cabotage? Vous pourriez fournir
10 des explications à ce sujet en même temps. Mainte-
11 nant, à la même page, au paragraphe (c), vous sug-
12 gérez: "L'étude et l'adoption d'une législation qui
13 permettrait aux armateurs canadiens de remplacer
14 les bateaux désuets, par des navires neufs et rapides
15 avec lesquels ils peuvent concurrencer avantageuse-
16 ment les pays étrangers." Il y aurait lieu d'ampli-
17 fier cela, "remplacer les bateaux désuets par des
18 navires neufs et rapides avec lesquels ils peuvent
19 concurrencer avantageusement les pays étrangers."
20 Il resterait à démontrer que la difficulté des
21 armateurs canadiens de concurrencer les navires
22 étrangers provient qu'ils ont des navires désuets.
23 Je ne crois pas que cela ait été démontré devant
24 la Commission.

25 Maintenant, en page 74, aux recommandations, vous
26 demandez en particulier que la Commission Maritime
27 Canadienne comprenne des représentants du monde
28 ouvrier. Est-ce que vous ne voyez pas un danger
29 qu'une Commission de cette nature, chargée
30 d'aviser le gouvernement, soit composée de

1 représentants, au sens propre du mot, de divers
2 groupements? Car si les ouvriers sont représentés
3 comme tels, les armateurs et les autres groupements
4 intéressés seront appelés à réagir de même façon.
5 Est-ce qu'il n'y a pas danger que ça devienne une
6 mosaïque d'intérêts divergents, et par conséquent,
7 ça manquerait de cohésion?

8 M. RAYMOND PARENT: Il est évident, à partir du
9 moment où plusieurs partis se rencontrent il est
10 possible qu'il y ait des entre-chocs, mais nous ne
11 croyons pas que cette conséquence soit suffisante
12 pour éliminer la possibilité de réunir ces gens là
13 et de leur permettre d'avoir voix au chapitre, car
14 ils ont probablement tous des intérêts divergents
15 en certaines occasions, mais ce serait bon pour la
16 Commission elle-même que les Membres de la Commission
17 le sache que ça amène, comme j'indiquais, les entre-
18 chocs; c'est possible, mais nous croyons il y aurait
19 profit pour tout le monde, et le bien commun peut
20 être aussi bien protégé par des représentants qui
21 viendraient de chacun des secteurs; il serait
22 aussi bien représenté par de tels représentants
23 que sous toute autre forme de Commission.

24 ME. PAUL GERIN-LAJOIE: En ce qui concerne la
25 recommandation de subventions, est-ce qu'il y aurait
26 une alternative ou d'autres alternatives à cette
27 suggestion, qui vous paraîtraient également accep-
28 tables? Par exemple, j'envisage une alternative
29 à la construction de navires de cabotage construits
30 au Canada. Si, au lieu de restreindre la construction

1 de navires construits au Canada et enregistrés au
2 Canada, si on exigeait, par exemple, dans la loi,
3 que tout l'équipage soit rémunéré et traité dans
4 des conditions identiques à celles des équipages
5 canadiens, est-ce qu'on n'aurait pas un peu le même
6 effet et n'éviterait pas la concurrence. Ayant la
7 subvention de la construction, est-ce que les navires
8 canadiens ne seraient pas en mesure de concurrencer
9 les navires étrangers en faisant usage de l'amortisse-
10 ment nécessaire? Envisagez-vous de telles alterna-
11 tives, ou bien si vous les avez rejetées ou ne les
avez pas envisagés?

12 M. RAYMOND PARENT: Il y a une alternative, c'est
13 celle de hausser les droits d'entrée, soit sur les
14 constructions ou réparations de navires faits à
15 l'extérieur du Canada; comme première mesure, alors,
16 hausser les tarifs; cette alternative a été négligée,
17 car de plus en plus, la politique générale du pays
18 semblait s'en aller vers le libre échange; alors,
19 cette alternative a été négligée. L'autre alterna-
20 tive, on pourrait prévoir les salaires des travail-
leurs qui construiraient les navires, je crois.

21 ME. PAUL GERIN-LAJOIE: Le cas que j'envisageais
22 est l'opération des navires. Si nous avons l'hypo-
23 thèse de la construction, il resterait la question
24 de concurrence dans les frais d'opération?

25 M. RAYMOND PARENT: Oui. Je pense qu'à partir
26 du moment qu'il y aurait parité dans les salaires,
27 du stricte point de vue ouvrier, ça prêterait une
28 solution; je la trouve difficile d'application,
29
30



1 mais les opérateurs ont aussi les frais d'opération
2 en plus des salaires, et c'est peut-être plus
3 difficile à appliquer.

4 ME. PAUL GERIN-LAJOIE: Avez-vous envisagé les
5 effets possibles sur le commerce canadien en général
6 dans les propositions que vous soumettez, car ça
7 aurait pour effet d'augmenter le commerce à l'in-
8 térieur du Canada. Est-ce que ça n'aurait pas
9 d'effet désavantageux sur le commerce d'augmenter,
10 par exemple, le coût d'une marchandise rendue à
11 telle destination, qu'elle serait plus cher qu'une
12 marchandise venant d'ailleurs? Je crois comprendre
13 que vous n'avez pas envisagé cette question. Aviez-
14 vous envisagé à trouver des remèdes?

15 M. RAYMOND PARENT: Nous nous sommes posé un
16 point d'interrogation. Nous nous sommes mis d'accord
17 que nous n'étions pas compétents pour envisager
18 telle étude.

19 ME. PAUL GERIN-LAJOIE: Il y a une dernière
20 question d'ordre général. Je comprends dans quelles
21 circonstances et dans quelle perspective votre
22 mémoire a été préparé. Mais je me demande si vous
23 n'avez pas envisagé les effets possibles de la
24 canalisation du St-Laurent sur tous les points que
25 vous exposez ici. Vous ne les mentionnez pas.
26 Vous exposez une situation dans les chantiers mari-
27 times et opérations des navires qui vous paraissent
28 déplorables et envisagez la question depuis la
29 guerre. Est-ce qu'il est possible que la canaliza-
30 tion ait pour effet d'améliorer cette situation et



augmenter les chantiers maritimes canadiens?

M. RAYMOND PARENT: Voici; il y a bien des spéculations qui peuvent être faites sur le sujet. Il est certain qu'il n'y a pas tellement de complété à l'heure actuelle. Une question pourrait conditionner toutes les autres qui se posent. Est-ce qu'il sera possible aux armateurs étrangers, pour navires océaniques, de monter jusqu'aux grands lacs avec leurs cargaisons? Ou bien est-ce qu'il y aura du transbordement à faire et que le transport sera fait à l'intérieur par des navires de plus faible tonnage? La question va s'adapter, les faits dépendront des circonstances. Pour ce qu'il s'agit de spéculer et faire des hypothèses purement théoriques, nous ne pouvons pas.

(Sténographié et transcrit par J.I.A.Chénier,
Sténographe officiel.)

(Page 170 follows)

SUBMISSION OF TRADES & LABOUR CONGRESS

1
2 MR. CLAUDE JODOIN: Mr. Chairman and members
3 of the Commission, I do not know exactly what procedure
4 you wish to follow but I would presume that it is
5 not necessary to read our submission.

6 THE CHAIRMAN: No, I have already said that
7 there is no need to read into the record the submis-
8 sion. The Commission and counsel have all read your
9 brief.

10 MR. JODOIN: That is fine, I was not aware of
11 that. I will now call upon our Director of Research,
12 Mr. Wismer, who will be at your disposal as well as
13 other representatives of our Federation here to try
14 and answer to the best of our knowledge any questions
15 that may be asked by your Commission or the legal
16 advisors.

17 THE CHAIRMAN: Mr. Wismer, do you wish to make
18 any comment or will you confine yourself to answering
19 Mr. Mundell's questions?

20 MR. WISMER: Perhaps it would make the pro-
21 cedure more simple if we just proceed with questions
22 and I will try to elaborate.

23 MR. MUNDELL: In elucidation of the brief?

24 THE CHAIRMAN: Yes.

25 MR. MUNDELL: I have a different pagination
26 to you, I am working on Volume 1 and I think it
27 might ^{be} as well to use the same Volumes.

28 THE CHAIRMAN: Mr. Mundell, this public
29 address system is supposed to be connected, I do not
30 think it does anything but make a hum, so I will



1 have to ask you to speak up because we are having
2 difficulty hearing you.

3 MR. MUNDELL: I beg your pardon. On page
4 B.34-3 of Volume 1 of the submissions to this Commis-
5 sion at the top of the page, the first full para-
6 graph, I would like to ask for an elucidation of that
7 paragraph in this respect, the preceding two pages or
8 page and a half of your submission has demonstrated
9 that the shipbuilding industry is in a state of de-
10 pression and then at the top of page 3 you say:

11 "Water transportation, on the other hand,
12 "is a growing enterprise in Canada."

13 I wonder if you could explain what you cover there by
14 water transportation? As a matter of fact, earlier
15 I think you also included shipping in the decline,
16 could you explain what is meant by the expression
17 "water transportation"?

18 MR. WISMER: I think if you turn to the
19 appendix of references you will notice that the
20 Dominion Bureau of Statistics in sampling employment
21 and payrolls uses for shipbuilding and repairing
22 things which are very much a part of that industry,
23 barges, building and repairing, dockyards, dry-
24 dock, marine engine manufacturing, etc., whereas in
25 dealing with the matter of water transportation and
26 businesses incidental or services incidental to
27 water transportation they deal with a very wide
28 variety of activities of people who operate them,
29 barges, boats, canal transportation, car ferry ser-
30 vice, coast-wise transportation and so on. That is



1 in addition to canal operations, dock operations, har-
2 bour board commissions, lighthouse service, marine
3 salvage, and so on. Now the figures will show that
4 while the first group, that is shipbuilding and re-
5 pairing has been declining throughout the period
6 since the war, services and activities which would
7 be called water transportation have been growing along
8 with the general growth of Canada.

9 MR. MUNDELL: Thank you. Then, at the middle
10 of page 3 you set out certain figures in the paragraph
11 beginning "From March 31, 1948 to March 31, 1955."
12 The statement there is that about forty-five hundred
13 seamen have lost their jobs through the sale or
14 transfer of Canadian ships to other countries. You
15 are there, I take it, dealing with the deep-sea
16 shipping, not with coastal trade?

17 MR. WISMER: That is deep-sea shipping. You
18 may recall that we lost our deep-sea shipping and with
19 it a lot of jobs and as we have tried to point out
20 to the members of the Commission, while the terms
21 of reference in the beginning seemed to suggest you
22 are only dealing with coastal and inter-coastal
23 shipping in inland waters of Canada and the ship-
24 building industry, we have pointed out it is within
25 your terms of reference to look at deep-sea shipping
26 and it is not an unco-related activity to our coastal
27 trade.

28 MR. MUNDELL: That would bring up the
29 question, are you suggesting in your submissions
30 which appear on page 8 of the submission, that the



1 inter-coastal trade should be reserved for Canadian-
2 built and manned vessels, that is linking that with
3 the policy of expansion of the ocean trade.

4 MR. WISMER: That is correct.

5 MR. MUNDELL: So is it correct to say you
6 would not expect a restriction of the coastal trade
7 to Canadian-built and manned vessels to be sufficient
8 to support the shipbuilding industry?

9 MR. WISMER: Well, In our submission all we
10 have said is it would be in the interests of Canada
11 to reserve the coastal and inter-coastal trade to
12 ships which are built in Canada and manned by
13 Canadians and, presumably, registered in Canada and
14 that quite separately from that we should deal with
15 our inland waters, that is the Great Lakes and St.
16 Lawrence basin for some agreement between ourselves
17 and the United States as being the two countries
18 primarily interested in the traffic and that would
19 have a good effect upon the shipbuilding and repair-
20 ing industry. But, we do not wish to suggest that
21 that was the cure-all for the shipbuilding industry
22 and Canada's economic and trading position being
23 what it is, it was only fair to ask this Commission
24 to recommend to the Government that a commensurate
25 deep-sea fleet be acquired, built and manned for
26 these reasons and purposes.

27 MR. MUNDELL: Now, I wonder if you would
28 explain the reasons and purposes?

29 MR. WISMER: Well, it seems as we point
30 out according to the paragraph immediately following



1 point No. 7 on page 8, we say this:

2 "The one other point we wish to estab-
3 "list is that, while we are fully aware of the
4 "basic need to maintain our national activities
5 "on a sound economic foundation, there are
6 "other considerations in national policy. The
7 "Trades & Labour Congress of Canada believes
8 "in Canada's future. The development of
9 "Canada as an economic and political power
10 "among the nations of the world is dependent
11 "upon our economic growth at home and our
12 "ability to deliver the goods wherever they are
13 "needed and on time. Thus our growth and
14 "development as a shipping and shipbuilding
15 "nation is as important as is our development
16 "as a producer of uranium, gold, iron, oil,
17 "paper or wheat."

18 MR. MUNDELL: I think the commodities that you
19 name here are commodities of which we compete on a
20 favourable basis with other producers and for that
21 reason we are developing in those lines. On the
22 other hand, in the shipbuilding and ship repairing
23 industry we are not in a full competitive basis
24 ocean-wise and I was wondering what you considered
25 to be a commensurate basis?

26 MR. WISMER: Well, we are either the third
27 or fourth trading nation in the world and we rank
28 somewhere round the bottom as a sea-going power
29 which does not seem to be related, as far as we are
30 concerned. There seems to be something wrong there.



1 Now, what is the size of a merchant and sea-going
2 merchant marine commensurate with our trading position
3 is perhaps for some other expert group of people to
4 figure out but, without even thinking in terms of
5 war and all that it means to sea-going operations,
6 the ordinary economics and activity of the world today
7 seems to suggest to us that Canada leaves herself in
8 the most vulnerable position by having no national
9 control of any sort over its ability to ship either
10 inwards or outwards a tremendous part of our economic
11 effort.

12 MR. MUNDELL: And when you relate your sub-
13 missions to the shipbuilding industry you are saying
14 the shipbuilding industry is coming apart but you feel
15 there is additional need to ocean traffic --- ?

16 Suppose
17 MR. WISMER: We get at this a little different-
18 ly, the shipbuilding industry in Canada in our view
19 is not subject to ordinary economic competition in
20 the way certain other industries are. We have
21 Canadian organizations which operate vessels but do
22 not get their ships either built or repaired by our
23 own Canadian shipbuilding and repairing industry.
24 Now, it could probably be said in the lines of classic
25 economics that it is a good thing to go and buy
26 on the cheapest market, but there are other consid-
27 erations and one of those considerations, in our
28 view, is that there is no such thing as a simple
29 cheap market for ships. There are places where
30 ships can be built because people elsewhere and in
the main, governments, have made it possible for



1 them to be cheap. Now what we have suggested here is
2 that we take all this into consideration. If I, for
3 instance, were able to make a contract with you to
4 build me a ship and immediately we signed the contract
5 I was able to obtain from my government a fifty per-
6 cent write-off of the ship, then I certainly would not
7 be a normal competitor of someone else who could not
8 obtain such a thing. If I can buy my ship from a
9 shipyard in a country which was determined to keep its
10 shipyards working by various subsidies and other ar-
11 rangements, if I can buy my ship in that country would
12 I be considered as buying in the cheap economic market
13 as opposed to buying in a market where no such effort
14 was made by the national government? That is one
15 consideration of the ocean-going trade that is a rele-
16 vant question to this Commission.

17 MR. MUNDELL: Insofar as it appears on your
18 proposal in this coastal trade, that is a question I
19 should have put to you, and I suggest that it was
20 relevant insofar as additional ocean shipping would
21 give additional work to the Canadian shipyards, but
22 I do not see any other elements, I wonder if you
23 could explain it?

24 MR. WISMER: It says in the terms of refer-
25 ence of this Commission in paragraph (c):

26 "the relationship of the coasting trade of
27 "Canada, including the Great Lakes to the
28 "domestic and international trade of Canada
29 "and to Canada's external relations; and the
30 "effect of the participation in the coasting



1 "trade of Canada, including the Great Lakes,
2 "by ships or other marine craft registered or
3 "built outside of Canada upon the domestic
4 "and international trade of Canada, and Canada's
5 "external relations;"

6 That seems to me to be very broad terms of
7 reference, I cannot see how you can exclude any shipping
8 or any shipping operation from its broad terms.

9 MR. MUNDELL: I am suggesting to you the
10 international trade then may be taken as not including
11 ocean-going ships in view of the fact that reference
12 is made to coastal shipping.

13 MR. WISMER: We will leave it in the hands
14 of the Commission to decide. Would I take it from
15 that that the only international trade to be consider-
16 ed in this is the international trade with the United
17 States which has a bearing on our inland waters?

18 MR. MUNDELL: No, I was meaning trade and
19 commodities and other trades other than shipping.

20 MR. WISMER: May I suggest to you if we are
21 to restrict the terms of reference to the extent
22 that only international trade between Canada and the
23 United States is to be included, international
24 trade between Canada and any other country in the
25 world, excluding aircraft, must go by ship.

26 MR. MUNDELL: That is true, but I am sorry
27 I am not making my suggestion clear, I do not think
28 what I am suggesting is that trade there is ---

29 MR. WISMER: I am prepared to split the
30 hair another way if you wish but I do not see how



1 we can have trade without shipping.

2 MR. MUNDELL: Your submission is ocean-going
3 ship matters is one within the terms of the Commis-
4 sion.

5 MR. WISMER: I suggest it is. Paragraph (d)
6 reads:

7 "the necessity, if any, of establishing differ-
8 "ent policies and prescribing special condi-
9 "tions with respect to the coasting trade of
10 "Canada, including the Great Lakes, applicable
11 "to particular parts of Canada."

12 Now, that appears to be a restrictive para-
13 graph but we have tried to point out in our submission
14 to the Commission that in doing that they will not
15 be going beyond terms of reference in suggesting a
16 policy in regard to the over-all shipping problem of
17 Canada. Now, one of the points we tried to make is
18 this, that the shipbuilding industry does not rest
19 on itself and as far as I know there is not any
20 place in the world where the shipbuilding industry
21 competes as an industry; it competes as a nation,
22 a national policy, and unless we have a national
23 policy of shipbuilding and ship repairing we can
24 never compete.

25 MR. MUNDELL: Supposing the national policy
26 was to take the cheapest form of transportation
27 where we can buy it, you, sir, are suggesting that
28 policy -- you gave us one suggestion a moment ago
29 which was defence.

30 MR. WISMER: No, I did not suggest that,



1 that is the last of ours, that is point No. 7:

2 "That an adequate merchant fleet and
3 "a stable shipbuilding industry are a vital
4 "part of our national defence."

5 There are a lot of points before that.

6 MR. MUNDELL: What are those points?

7 MR. WISMER: Let me suggest to the Commission
8 that we have gone separate ways in Canada over the
9 years in attempting to provide ourselves with adequate
10 transportation facilities insofar as railways are
11 concerned because we are all aware of the quite elabor-
12 ate subsidization programmes that have come and gone
13 and some of which are still with us. Things have
14 been done, essentially the same thing, not as a nation
15 but as a province for the trucking and bus industry
16 and we have done the same thing in creating at the
17 beginning almost a complete monopoly position for
18 Trans-Canada Air Lines in order to get them started.
19 We still practically have that policy of almost com-
20 plete monopoly in order that it will not have to
21 suffer from some type of cheaper and unsatisfactory
22 competition. In regard to shipping we seem to have
23 gone slightly differently, if I am correct, my
24 memory serves me correctly, we have subsidized ship-
25 ping services from time to time and rather than ask
26 Canadians to put in the ships we have urged anyone
27 with a ship to come along and provide the service.
28 Now, that has been the way we have developed and
29 because we have done that there are certain vested
30 interested in these things and it would be



1 unthinkable that such people would not wish to come
2 before this Commission and make a case for maintaining
3 these services on the same basis. We are probably
4 in the position because the industrial revolution
5 and the steel age developed so quickly.

6 MR. MUNDELL: You say we have subsidized
7 railways and subsidized air transportation and so on,
8 but would they not be entirely different policies,
9 would we have had any railway at all if they had not
10 been subsidized, would there have been a national
11 air service developed; but, on the other hand, we have
12 available shipping. Is it to maintain our present
13 shipping industry that you have in mind to expand it?

14 MR. WISMER: I think I can answer your
15 question this way; there is not any answer to the
16 first part as to whether there was a railway built,
17 they were there, they were subsidized, the facts are
18 there. On the question of shipping, under certain
19 conditions, under certain emergency and great demand
20 conditions we develop a shipbuilding industry and
21 more recently under war conditions, post-war condi-
22 tions, we have expanded the shipbuilding industry.
23 With the development of new kinds of ships there
24 was a great deal of activity in the shipbuilding
25 industry. Today as a part of governmental policy
26 and international agreement we are going to widen
27 and deepen the channels of the St. Lawrence River
28 above Montreal. What will be the result? Our
29 big Lake vessels, built by our shipbuilding industry
30 and manned by our affiliated members are in a



1 position of competition from ships which can come in
2 from the sea, from these so-called cheap shipbuilding
3 markets where they have shipbuilding businesses which
4 are subsidized by various techniques, move in and be-
5 cause of the type of waters it will be operating in
6 and the old agreements which are in existence it will
7 force our own men out of jobs.

8 MR. MUNDELL: Have you any facts and figures?

9 THE CHAIRMAN: And at the same time give
10 cheaper transportation into the interior of Canada
11 and cheaper transportation out of Canada which I had
12 always thought was the aim of the St. Lawrence Seaway.

13 MR. WISMER: Well, I agree with that one hun-
14 dred percent except this, why should we take the
15 hundreds of millions of taxpayers' money to produce
16 cheap transportation from the centre of this Continent
17 to the markets of the world if the result is to reduce
18 the standard of living of our workers?

19 THE CHAIRMAN: That is quite a step. It,
20 of course, is the belief that the standard of living
21 of all would be improved if there is any attempt to
22 improve any facility. The question is whether the
23 result would be that that you anticipate. I pointed
24 that out this morning in speaking to someone else,
25 even after all which is said as to Canadian competi-
26 tion, Canadian shipping on the Great Lakes, that it
27 will be driven to the wall, be wiped out of existence,
28 that is a long way from being proved. At the
29 present time the advantage to Canada, not to one sec-
30 tion of Canada but to Canada for cheaper transporta-



1 tion in and out of the centre of Canada might well
2 work out to the advantage of everyone including the
3 displaced seamen. That is an economic problem. One
4 cannot simplify it so much as to say if you deprive
5 a certain number of men in the Great Lakes of their
6 jobs, who have worked in the jobs in which they are
7 now -- if that is so, I am afraid our task would be
8 a great deal worse.

9 MR. WISMER: With all respect, I suggest we
10 have the horse in ahead of the cart. We were once
11 a great shipbuilding nation when we built them of
12 wood.

13 THE CHAIRMAN: That was in the days of wooden
14 ships. We also had, as I pointed out this morning,
15 rather a flourishing buggy trade.

16 MR. WISMER: We still have buggies around,
17 things like the British North America Act.

18 THE CHAIRMAN: I have seen one in old antique
19 places but I do not think they perform a function.

20 MR. WISMER: I would like to make this point,
21 with all respect, we were in the forefront when they
22 were wooden vessels because we had the materials and
23 skill, and when they changed over to steel and iron
24 we did not. But, today, for various reasons we
25 are building up a large steel industry in this coun-
26 try. We have invested money in skills and plants
27 capable of using this equipment to put into vessels.
28 Now, if we were put on a reasonable footing with
29 relation to the other people we are capable of doing
30 something, we would become just as efficient as



1 anyone else.

2 THE CHAIRMAN: Who are these other people?

3 MR. WISMER: I will give you an example;
4 wage rates cannot be the reason because the United
5 States is doing awfully well at it and they pay far
6 higher wage rates than we do.

7 THE CHAIRMAN: We are not in any way competing
8 internationally. There are people being paid in two
9 or three different ways, they have construction sub-
10 sidies, operating subsidies, they have subsidies
11 amounting to \$46 million. Now, that is not competing.
12 I suggest to you that there is competition, competi-
13 tion with all concerned.

14 MR. WISMER: With all respect, if the way of
15 operating in the United States is not competition
16 then the way they operate in Denmark or France is not
17 competition or in Italy, that the way they operate in
18 Norway is not competition, and I am not so sure it
19 is in the United Kingdom.

20 THE CHAIRMAN: Outside of the United Kingdom
21 there is not one of them that can be any concern of
22 this Commission, which is the coasting trade in the
23 terms of reference, and with the United Kingdom
24 what kind of artificial competition is there?

25 MR. WISMER: Well, it is not contained in
26 our brief, we did not think it was the place to
27 put it, but now you have asked the question I sug-
28 gest to your Commission you watch and investigate
29 the insurance companies of Britain, the shipbuilding
30 industry and the orders which are taken for ships.



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THE CHAIRMAN: I saw a reference in your brief to a discrimination as against the use of Canadian ports in United Kingdom insurance policies, which is certainly a matter which we will have to consider. But the point I have made to you is outside of depreciation write-off on ships, it is also a policy -- apart from some depreciation write-offs the United Kingdom is in the position where it competes without subsidy of any kind -- now, that is competition.

MR. WISMER: I am not so sure that is right.

THE CHAIRMAN: We have to deal in the Great Lakes in coasting trade because those are the only ships that could come in.

MR. WISMER: I suggest to the Commission they might also investigate itself the fact of certain arrangements in regard to defence in Britain in regard to ships which are not separate from those used in the United States.

MR. MUNDELL: I think it would be worthwhile rather than suggesting something like that, what is the arrangement?

MR. WISMER: They pay for certain things which they consider to be defence requirements.

MR. MUNDELL: That is, if they have additional equipment in a ship to carry a gun in war-time they pay for the additional equipment?

MR. WISMER: Well, it turns out to be a lot more than that.

MR. MUNDELL: Well, what is it? I do not think you can ask the Commission to accept a vague



1 statement like that, either put forward facts or not.

2 MR. WISMER: Well, we will get the facts.

3 MR. MUNDELL: Well, I should think it would
4 be very helpful to the Commission if such facts on
5 this subject, if they were made available to the Com-
6 mission.

7 MR. WISMER: We will get them for you.

8 MR. MUNDELL: I am going to make a complete
9 break here for the moment if I may -- did I interrupt
10 your lordship?

11 THE CHAIRMAN: No.

12 MR. MUNDELL: On page 4 of your submission,
13 page 4 of the bound volume, the fourth full paragraph,
14 you draw attention to the methods used in Australia
15 and then you say:

16 "We ask your Commission not to recom-
17 "mend any measures of this sort for the protec-
18 "tion of our shipping in the coastal and inter-
19 "coastal trade of Canada."

20 Would you mind explaining why you make that recommen-
21 dation?

22 MR. WISMER: Well, you are aware that in
23 Australia under the Navigation Act there it is pro-
24 vided that any Commonwealth vessel operating in the
25 coastal trade of Australia must pay the same wages
26 and provide the same conditions as would prevail
27 with an Australian vessel operating in the trade.
28 Our people do not wish that sort of thing, even
29 though it may provide equalization of wages and
30 equalization of conditions and costs. We do not



1 think that is necessary to the satisfactory regulation
2 of the coastal trade of Canada because it would be
3 very difficult to police it, very difficult to handle
4 and would not provide any assistance to the ship-
5 building industry.

6 THE CHAIRMAN: You go much further, you want
7 to get what the half-measure would get and more.

8 MR. WISMER: Plus the fact that this was from
9 the information we received from the office and has
10 been considered to be well within the terms of the
11 1931 agreement and we wish you to know we do not think
12 this was the kind of recommendation ---

13 THE CHAIRMAN: I hope that is correct, it
14 would, I suppose, be most difficult to police.

15 MR. MUNDELL: You have suggested that -- you
16 have recommended that the coasting trade be reserved
17 to Canada and Canadian-built and Canadian-manned ships
18 and you have put defence as the last justification
19 for this policy and I suggest to you, as a result of
20 our earlier discussion, that the reason you have ad-
21 vanced is mainly to preserve an existing industry as
22 a part of national policy or just the preservation
23 of it as such, is that correct?

24 MR. WISMER: No, we believe the ship-
25 building industry and the shipping industry are now
26 at this stage in Canada's development to be taken
27 as part and parcel of our economic development and
28 commensurate policy should be made to allow a ship-
29 building industry and the shipping industry to
30 expand along with the Canadian economy.



1 MR. MUNDELL: That is to say, because other
2 people subsidize we should subdize?

3 MR. WISMER: Well, there is not much point
4 in getting into a poker game with the big fellows un-
5 less you have the dollar and that is the kind of game
6 this is, it is not a competition between individual
7 companies, it is between nations. Canada is one of
8 the big trading nations of the world and in case of
9 an emergency, if for some reason or other shipping was
10 cut off ---

11 MR. MUNDELL: Are you coming back to emer-
12 gency?

13 MR. WISMER: Oh, but I used that not quite
14 as an absurdity because it is not, it is a possibility,
15 it is the easy way to see it. Now, as far as the
16 coasting trade is concerned we have got to look, in
17 my opinion and the opinion of the Congress, at a lot
18 of other arrangements and whether or not they are
19 satisfactory for present-day operations in Canada.
20 These agreements, the 1931 agreement, I think the
21 Commission will agree with me the wording of the 1931
22 agreement is the same wording of one hundred years
23 ago, the 1854 Act contained essentially the same
24 wording and so did the 1894 Act, and we wrote them
25 in and the only reservation we made was in relation
26 to the Great Lakes. At this point we reserved the
27 right to do something about our own inland waters
28 and so we ask the Commission to recommend to the
29 Government that that inland international trade be
30 equally and equitably distributed between ships



1 built by Canadians, manned by Canadians and United
2 States vessels. In other words, when we build the
3 seaway it will be a factor there, there are ten thou-
4 sand tonners operating more cheaply not only because
5 of wages but for many other reasons, operating more
6 cheaply than the vessels of Canada, the vessels of
7 the United States. What restrictions will there be
8 between operating between a Canadian port and a United
9 States port? It is not a coasting trade, it is inter-
10 national trade and it seems to us to be completely
11 unrealistic not to face up to that problem and straight-
12 ten it out before a lot of people around the world
13 are encouraged to build a lot of vessels. We have
14 had a lot of suggestions that vessels are being built
15 for that reason, to be able to compete. After all,
16 the highest wages paid are by the United States and
17 the next are our own. Why not? Because the ship-
18 ping companies are unreasonable or the trade unions
19 are unreasonable but because they come to an agree-
20 ment in every industry in Canada and the United States
21 because of our policy to raise our standard of living,
22 they pay very high wages, higher than in the United
23 Kingdom and Europe.

24 MR. MUNDELL: Why should not ten thousand
25 tonners from abroad come in and engage in trade be-
26 tween Canada and the United States if they will
27 carry it more cheaply?

28 MR. WISMER: But have we any proof they will
29 carry it much more cheaply, all we have in the way
30



1 of proof is that they can do it more cheaply.

2 MR. MUNDELL: I am sorry, I think we are like
3 two horses running in opposite directions.

4 MR. WISMER: I am only on one.

5 MR. MUNDELL: If they won't do it more cheaply,
6 will that pay?

7 MR. WISMER: Well, they get them to block out
8 prices to start a price war.

9 MR. MUNDELL: Will they not be competing
10 amongst themselves?

11 MR. WISMER: We do not know what bottom they
12 have.

13 MR. MUNDELL: Then I am sorry, I am a little
14 confused, if they can go in and complete with our
15 shipping they can go in and compete with each other.

16 MR. WISMER: Well, the same rule holds. Some
17 countries are competing to the extent that our deep-
18 sea shipping, a year or two ago we transferred the
19 registry of most of our deep-sea ships in order to
20 get a new operating cost basis. Now, you just take
21 the same vessels and run them up the seaway and they
22 can do it all over again in the Lakes.

23 MR. MUNDELL: Can you give me one or two
24 reasons why we should not do that apart from defence?

25 MR. WISMER: Well, I will give you one aw-
26 fully good reason, we have been trying for the last
27 half-century to get out of the business of being
28 hewers of wood and drawers of water, we have been
29 trying to build up an industrial economy capable of
30 holding a higher standard of living.



1 MR. MUNDELL: Would this not contribute to the
2 higher standard of living being a cheaper service?

3 MR. WISMER: I do not see how if someone else
4 is going to make money out of it, how does it contri-
5 bute to our higher standard? If we take that to
6 an absurdity, would it not be simple to say that all
7 we have to do is have someone else run the air lines
8 and trucking companies, sell to somebody in Europe
9 and let them raise a different set of standards on
10 them.

11 MR. MUNDELL: Would it not cheapen our imports
12 and give us a bigger return on our exports, we would
13 have more efficient and cheaper transportation ser-
14 vice.

15 MR. WISMER: Let us see which one would do
16 that, it would not do it to some of the major exports,
17 it would not make much difference to some of our great
18 exports here because the material is here or the
19 reason for the industry is here. The actual cost
20 of shipping, I know some people would like to argue
21 on this, but I suggest to you in all seriousness that
22 the cost of shipping newsprint is not a major factor
23 today in whether or not we can export a lot of news-
24 paper. I suggest to you that our ability to pro-
25 duce and sell has nothing to do with transportation
26 charges.

27 MR. MUNDELL: May we keep to one step for
28 a while. Now that we have newsprint, as far as we
29 can ship newsprint more cheaply we can sell more of
30 it and compete better or sell at the same price and



1 have a larger return to Canada, I suggest, if we have
2 cheaper transportation service. I do not think we
3 can go into it very much, however, we are able to
4 get a bigger return on exports in general and that
5 would tend to raise the standard of living in this
6 country. Let us accept that for the sake of argu-
7 ment, why should we not do that on the Great Lakes?
8 Now, what would be the next reason?

9 MR. WISMER: I gather that you have taken the
10 position that we have not shown you that it is a good
11 thing that Canada as a growing nation requires ex-
12 panding transportation service because it will cost
13 too much for us to build it?

14 MR. MUNDELL: I suggest you have not demon-
15 strated why we should do it ourselves rather than take
16 it more cheaply from others. You suggested the
17 standard of living, let us pass that by, what is the
18 next reason apart from defence?

19 MR. WISMER: We will rule out the standard
20 of living and defence?

21 MR. MUNDELL: For the moment.

22 MR. WISMER: Well, I would suggest to you
23 that we should still as a nation be master in our
24 own houses.

25 MR. MUNDELL: Well, go ahead.

26 MR. WISMER: We should be masters in our
27 own houses, it should be possible for the Parlia-
28 ment of Canada at any time, not necessarily to manu-
29 facture but at least to direct or redirect the
30 transportation services in such a way that the



1 economy of this country can continue to function. Now
2 as we stand the Parliament of Canada cannot deal with
3 transportation insofar as the great volume of exports
4 and imports is concerned in this country because it
5 is beyond them, somebody else owns it.

6 MR. MUNDELL: Does that apply to ocean or
7 coastal?

8 MR. WISMER: It applies to ocean for sure and
9 to a certain extent to the coastal because any number
10 of Commonwealth, any group of people other than
11 Commonwealth, can move about in our coasting operation.

12 MR. MUNDELL: Then restriction also is to be
13 applied to Newfoundland and the East Coast and the
14 West Coast, is it?

15 MR. WISMER: There is nothing very special
16 about either of these coasts, I mean, they look
17 different, the water is different, the people are
18 different but the business of operating vessels is
19 not particularly different.

12 20 MR. MUNDELL: What would you say would con-
21 siderably increase the cost of transportation be-
22 tween Newfoundland and the mainland of Canada?

23 MR. WISMER: How would it do that, all
24 kinds of people are operating vessels up there and
25 they ---

26 THE CHAIRMAN: I would suggest you read the
27 brief filed by the Government of Newfoundland, you
28 may get some information on it.

29 MR. WISMER: I read it.

30 THE CHAIRMAN: Did you not see the



1 allegation made that the presence of British ships on
2 that run is the only thing that pulls the cost of
3 transportation down to Newfoundland today and as soon
4 as the British shipping is off the run the cost goes
5 up?

6 MR. WISMER: Well, sir, I read the brief and
7 I do not want to get into a technical argument as
8 between some part of Canada and another, but I notice
9 in the brief that the cement company, that its big
10 problem its big problem was transportation, but its
11 big problem is mislocation. I visited there a few
12 months ago. I might say the cement company have also
13 agreed that its location was a very grave factor but
14 I was not referring to the cement company, I was re-
15 ferring to the proposition that the through traffic
16 of the C.N.R. and those who contract with them are
17 only held down during the time there is an opportunity
18 to compete by water transportation independent of the
19 railway, and as soon as that opportunity ends and, it
20 would be ending if British ships were to go out of
21 the trade, their transportation costs increase.

22 THE CHAIRMAN: That was the point Mr. Mun-
23 dell was attempting to make, that is an illustration
24 of it, is it not?

25 MR. MUNDELL: I was suggesting that there
26 may be disadvantages, that there are definite dis-
27 advantages in some areas to the adoption of the sug-
28 gestion put forward, a move in a disadvantageous
29 direction.

30 MR. WISMER: Well, I think it should be



1 pointed out to the Commission that Newfoundland is only
2 a recent newcomer to the Confederation, before that
3 in various ways it was completely tied to the economy
4 of Great Britain and the major companies who are really
5 concerned about shipping, as I read that brief, the
6 Bowaters and others who are in the pulp and paper
7 business, their market is not only in Britain but
8 elsewhere. When I was there, to put it simply to
9 you, they were running wide open, they could sell all
10 their newsprint. Transportation costs are a factor
11 for them but these are old arrangements which were
12 in existence before Confederation. Now, to say that
13 just because we want to reserve these activities to
14 Canada of which Newfoundland is now a part to my
15 mind seems jumping at a conclusion to say the whole
16 thing is going to fall apart. I read the Bowater
17 submission, from their point of view I can see why
18 they make that submission, but I do not think they
19 take everything into consideration, because you are
20 going to reserve the coasting to Canadians as a
21 monopoly, I think that is a ---

22 MR. MUNDELL: That is your impression, have
23 you any analysis to offer to the Commission? So
24 far you are putting it forward as an assertion, as
25 your assertion, and have you any analysis to offer
26 to illustrate whether or not it would not affect the
27 trade disadvantageously?

28 MR. WISMER: Well, I suggest the best way
29 to find out would be to put some Canadian ships in
30 operation there.



1 MR. MUNDELL: I am not sure how far you are
2 going ahead.

3 MR. WISMER: I mean, if the Government of
4 Canada were to accept the recommendation that the
5 coasting trade be reserved to ships built by Canadians
6 and manned by Canadians ^{it} is not giving them a monopoly,
7 it is giving a right to operate in its own field.

8 MR. MUNDELL: Is not the premise of your
9 recommendation that unless it is reserved exclusively
10 to Canadian ships they cannot compete, the cost will
11 be inevitably higher to the residents of Newfoundland,
12 is that not so?

13 MR. WISMER: I think I have to answer that
14 in the affirmative. There are certain things that
15 make it a lot cheaper to register a vessel in Britain
16 than in Canada, that is in addition to wage rates.

17 MR. MUNDELL: It is a fact that the reserva-
18 tion of it to Canadian shipping would increase trans-
19 portation by ship to and from Newfoundland to the
20 mainland.

21 MR. WISMER: Oh, no.

22 MR. MUNDELL: I am sorry, you say we must
23 preserve it exclusively to Canadian ships because
24 they cannot compete, alternatively you say if we
25 reserve it and their costs being higher, if we re-
26 serve it so they can operate in these waters will
27 that not mean higher transportation costs?

28 MR. WISMER: Yes, but our brief does not
29 suggest that, our brief asks for a type of policy
30 in which we will be able to compete related to a



1 type of assistance of all kinds given to shipping com-
2 panies which are competing or, in other words, if you
3 accept our brief, we say reserve the coasting trade
4 of Canada to ships, for ships built in Canada, regis-
5 tered in Canada and manned by Canadians, there is
6 not any particular reason why the costs would go up.

7 MR. MUNDELL: But the costs will go up unless
8 you pay subsidies or grant special tax reductions or
9 in some other way meet the difference in cost between
10 Canadian rates and foreign rates.

11 MR. WISMER: That is true.

12 MR. MUNDELL: Does not that subsidy come
13 from somewhere?

14 MR. WISMER: Certainly.

15 MR. MUNDELL: Well then, would that subsidy
16 be any less than -- it has got to meet the difference
17 in costs, in general it comes out of the Treasury.

18 MR. WISMER: Correct.

19 MR. MUNDELL: So the result of this would be
20 to take it out of the Treasury to subsidize shipbuild-
21 ing industry against their initial cost, and on that
22 basis you say it would cost Newfoundland nothing
23 more.

24 MR. WISMER: Well, I am not making the flat
25 statement there will be no change, but I would like
26 to point out to the Commission that if we were to
27 assist the shipbuilding industry and the shipping
28 industry in this respect we are bringing the Canadian
29 costs down to other national costs, we are bringing
30 out costs down below other costs because they are



1 already subsidized.

2 MR. MUNDELL: I cannot follow the reasons that
3 this sort of thing, that the Canadian Government
4 should pay subsidies because other governments do it;
5 the question is, if we take from foreign transportation
6 services you are going to get the benefit, in effect
7 they are subsidizing us.

8 MR. WISMER: Let me put it to you this way.
9 If we were to take the argument to its full conclusion
10 that because we can buy something cheaper we should
11 not provide the service at all, if we went far
12 enough how many of us would have a job and what would
13 there be left? What we are suggesting to you is that
14 this shipping game is a national game, it is not a
15 private operator's game, the private operator operates
16 within the assistance that he receives from nations,
17 from the whole public in order to provide this ser-
18 vice. We are saying to you that the position of
19 the economy of Canada is such today that we need the
20 shipping industry, inter-coastal and deep-sea, and
21 on that basis we need an efficient and useful ship-
22 building and repairing industry.

23 THE CHAIRMAN: I would suggest, Mr. Wismer,
24 that so far as it can be under our statutory pro-
25 visions now it is not an international proposition,
26 it stands on its own feet without any assistance
27 at all or a very small bit of assistance, the United
28 Kingdom, I mean, the only competitor which is by law
29 permitted in the coastal trade of Australia and New
30 Zealand if you speak of ships from the other side



1 of the world.

2 MR. WISMER: I suggested before that the United
3 Kingdom position is not as clear-cut as that.

4 THE CHAIRMAN: Well, small and inconsequen-
5 tial assistance and certainly no assistance which in
6 any way can compare with the assistance you have
7 pointed out in such other jurisdictions as the United
8 States of America, and which you suggested for the
9 Dominion of Canada.

10 MR. WISMER: Well, if we have to take the
11 position, sir, that our only big competitor is a
12 free competitor, this Congress does not take, albeit
13 we are on very friendly terms with the people there --

14 MR. MUNDELL: I think my friend has said he
15 will furnish information on that to your lordship.

16 THE CHAIRMAN: Very well, proceed.

17 MR. WISMER: I think it is much more impor-
18 tant, sitting where we sit in North America, the
19 economy of North America with which we are much more
20 closely related, to see what can be done in respect
21 of higher wage rates in the world and a higher opera-
22 ting cost in the world because we are not trying,
23 as I see it, this shipping industry and this ship-
24 building industry of North America is capable of
25 giving efficient service, doing an efficient job and
26 if it had a chance, as was shown during the war, its
27 costs do not go out of line. What is the use of
28 looking at the costs of Italian shipyards or others
29 like that, the place we are comparable with is direct-
30 ly south of us.

THE CHAIRMAN: I cannot understand the relevance of considering United States shipping costs when the United States ships cannot enter into any coasting trade in Canada, so I fail to understand the relevance. That is stressed throughout your brief and in each case I have had the same problem, the competitor who is permitted by statute to compete now with the Canadian ships or shipbuilders is of much lower cost and you have stressed the whole -- the well known fact that in Canada and the United States wages are high and the standard of living is high. I put it to you there is only one reason for that and that is because productivity is high, and if they could not have produced up to their wages we would not have succeeded in giving them the standard of wages and living that they have today. I have been wondering why? Is it a bad thing that the shipbuilding industry and the ship operating industry if it will not permit the productivity of the American or of the North American let us use that word, to have its full effect and if it won't, then is it an industry which the North American workmen should be engaged in? That is a problem?

MR. WISMER: It is a very interesting proposition you have put forward and I suggest in our brief we gave some answer to that, because it is important. This is an industry that was gone into during the war and carried over after, and only in that period has it ever had an opportunity to show what it could do. Today the shipbuilders of Canada have



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1 the equipment, they have a few of the trained personnel
2 still with them in some cases but are unable to plan
3 anything for productivity, to plan anything at all,
4 they do not know whether the people who have in the
5 past purchased ships from them are going to come back
6 to purchase. The people who perhaps saw the chance
7 when the seaway would be built of operating bigger,
8 faster and more efficient vessels now are going to have
9 to compete with vessels from abroad.

10 THE CHAIRMAN: Mr. Wismer, you say that we
11 think we can do it, a good efficient shipbuilder and
12 good efficient ship operators, but in order to demon-
13 strate our efficiency we have to have a protection
14 so we can plan, so we can develop skilled workers,
15 there is no use giving us an order now and an order
16 in 1957 and have to assemble our plan and equipment
17 and workers now and start in 1957?

18 MR. WISMER: We have built these yards, we
19 have a lot of them throughout Canada and a lot of
20 them, I suggest to you, are really very efficient
21 yards, very capable and efficient yards. I am
22 satisfied with the skill which has been developed
23 in recent years among shipyard builders, this
24 ability which has been developed among shipyard
25 management and the types of material available to
26 us here, the whole situation in North America is
27 such that if you give this industry a chance, a
28 chance to compete, it will compete successfully. We
29 have the railways but for some reason or other we
30 have not done as good a job on the waterways.



1 Surely we can look at this thing, find the reasons
2 for it, find good sound reasons for adjusting policy
3 for it. You may call it an infant industry, although
4 it is a big infant although not very brisk at the
5 moment.

6 THE CHAIRMAN: It is tiny in comparison to
7 British shipbuilding industry at the present time?

8 MR. WISMER: I agree with that, it is an indus-
9 try given a protective shield which can develop into
10 an efficient operating industry.

11 MR. MUNDELL: Could I follow that up with
12 one question? It is your submission that given an
13 opportunity to get under way the Canadian shipping in-
14 dustry and shipbuilding industry will be able to com-
15 pete with other industries on a cost basis?

16 MR. WISMER: I suggest it is possible to have
17 a national policy.

18 MR. MUNDELL: I mean, without any protection
19 or subsidy.

20 MR. WISMER: Well, just a minute, what do
21 you mean by protection?

22 MR. MUNDELL: Restrictions on -- the coasting
23 trade being restricted to Canadian ships and no
24 tariffs on foreign ships and no subsidies to Canad-
25 ian shipbuilders, that comes up too?

26 MR. WISMER: No, well, you have that situa-
27 tion today.

28 MR. MUNDELL: That is what I mean, well, it
29 is not really an infant industry.

30 THE CHAIRMAN: No, I do not think you have



made your question quite right.

MR. MUNDELL: I beg your pardon?

THE CHAIRMAN: Give that in X years and in some form could it compete?

MR. MUNDELL: I will put it that way.

MR. WISMER: I suggest this to you, that if you gave a green light by these various adjustments of policy and law in this country to shipping interests and the shipbuilding interests so they could plan or develop in relation to the over-all development of Canada and what there is for water operation traffic, that as Canada grows their need for protection will diminish provided their competitors around the world do not go crazy with further subsidizing programmes of one sort and another.

THE CHAIRMAN: Why has the United States then been successful in competing and, in fact, sweeping others from the market? Because it has had protection for its home, it has had fifty percent requirements for all mutual aid ships and it has had subsidies, very high subsidies. Now under those circumstances, you would think with the productivity factor of North America, it is the same in Baltimore as it is in Halifax, and you would think that when they would -- they would very rapidly have asserted their strength, having had the protection and the assistance which you suggested.

MR. WISMER: You suggest the United States policy has been a policy ---

THE CHAIRMAN: Pardon?



MR. WISMER: You suggest their subsidy programme has not worked out to the extent it should have?

THE CHAIRMAN: I am suggesting they have not struck the seas free by a long way and they still have to -- there is no evidence they would be able to get along without these subsidies, and if we could have that present policy the same thing would be done if we had that ourselves.

MR. WISMER: Well, of course, their coasting trade is close to ---

THE CHAIRMAN: Yes, they have to do the two things, the restriction of coasting trade and the subsidies. You suggest that if these steps were taken in Canada then Canada might be able to offer itself up as a shipping and shipbuilding nation or it could compete without their assistance, and I am pointing out to you that the United States has evidently still found it necessary that they have both protection and a subsidy and, in fact, since 1950 the subsidies have been increased tremendously. So it does not look as if our productive neighbour were able to meet competition even after it had nurtured itself with subsidies and restrictions.

MR. WISMER: But it has created for itself a very lively shipbuilding industry.

THE CHAIRMAN: That is going back to the other argument, I am not in any way contesting the other argument that there should be in a nation a control of the means of transferring the production in that nation, that is essential.



1 MR. WISMER: Yes.

2 THE CHAIRMAN: I agree that the United States
3 experience to some extent would suggest what I said
4 in working always to protect it, you suggest other-
5 wise.

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1 MR. WISMER: In its present form, if my memory
2 serves me correctly, the subsidy programme in the
3 United States has not been in effect very long.
4 There has been some there but it has been changed
5 considerably in the last three or four years and
6 that is not a very long period of test.

7 MR. MUNDELL: I think they changed it -- I am
8 not sure. I think it was changed by increasing
9 the protection.

10 THE CHAIRMAN: Very much.

11 MR. WISMER: They increased it, put it on an
12 increased basis.

13 THE CHAIRMAN: There was enough paid in the
14 first year to equal the 15 years before.

15 MR. MUNDELL: Going to the defence policy
16 there are a few more questions on this point. Would
17 you have any idea as to the size or calibre of the
18 shipbuilding industry we should have for defence?
19 For example, would it be smaller or larger than at
20 present or have you any idea?

21 MR. WISMER: Well, you can only answer your
22 question by looking back as to what could happen.
23 If we just talk about the atom bomb and H bombs and
24 things like that perhaps we can disregard the whole
25 problem and forget about it but if we are going to
26 talk of defending the country on a reasonable basis
27 certainly the maintenance of shipping is of vital
28 importance and we know from the experience of the
29 last war how difficult it was to maintain enough
30 shipping. We know how much we had to increase



production of our shipbuilding yards in Canada in that effort.

Certainly considering the fact that we are trying to expand our Navy and expand our whole effort of defence to-day; if something were to happen it would be on an even larger scale than it was in the years 1939 to 1945, the shipbuilding industry as it now exists would be hard pressed if a real sea war did develop.

On the other hand, we have a lot of equipment there and a lot of trained personnel who perhaps may be available faster.

MR. MUNDELL: If the defence argument were the only argument then presumably we could maintain the nucleus of any full war time shipping industry.

MR. WISMER: Well, put it the other way. If defence were the only argument then the shipping industry would be geared to the needs of the Department of National Defence, some to build new vessels and keep them in repair, and some to build merchant vessels necessary as a second line.

MR. MUNDELL: I am only saying at this time how much of a shipping industry would serve as a nucleus for war time or would you have any idea of any size of that? I see in one of the United States maritime reports it is suggested that it should be built up at the level of twelve to one. Supposing we have 18,000 ---

THE CHAIRMAN: 17,800.

MR. MUNDELL: That is correct, Mr. Chairman.



1 That would be approximately 200,000 people in the
2 shipbuilding industry. Would you have any views
3 on those figures at all?

4 MR. WISMER: Well, I would not like to make
5 any suggestion to the Commission as to what the size
6 of the nucleus of the shipbuilding industry should
7 be, because it seems to me that it is hardly useful
8 to consider the position of the shipbuilding
9 industry in Canada merely as an adjunct to defence
10 because it has a much more important role to play
11 than that.

12 MR. MUNDELL: You look at it as an essential
13 part of the transportation system of Canada.

14 MR. WISMER: That is correct. At the same
15 time I think it is important to keep in mind that
16 stranger things could happen. It would be very
17 difficult to say what size the nucleus should be.
18 You have a dry dock at St. John, New Brunswick, if
19 my memory serves me correctly, that would take just
20 about anything there is afloat. It is a tremendous
21 thing to maintain. If you are going to have a
22 nucleus of things like that in Canada then somebody
23 has got to bear the burden of that inoperative and
24 inactive investment. The other sort of thing which
25 makes it difficult to assess what would be a nucleus
26 is when things are down and the shipbuilding
27 industry is without orders and when you get the
28 unemployed being transferred from one place to
29 another in Canada, who go into other work -- I mean,
30 you cannot tell ---



1 MR. MUNDELL: I should have mentioned earlier,
2 Mr. Chairman, when we were discussing the question
3 of the English competition there was the devaluation
4 of the sterling in 1949 which had a very serious
5 effect -- I do not know whether before that Canada
6 was able to compete or not. I do not know whether
7 before that devaluation the Canadian shipping could
8 compete or not.

9 MR. WISMER: They were getting along in some
10 sort of way before that.

11 MR. MUNDELL: They were competing.

12 MR. WISMER: Yes. However, a lot of things
13 in Canada were hurt by the devaluation of the
14 pound, too.

15 MR. MUNDELL: I should have mentioned earlier
16 to-day that if my questions pursued any particular
17 policy that does not indicate that any conclusion
18 had been arrived at.

19 THE CHAIRMAN: I think you can say that for
20 the members of the Commission, too. We proceed to
21 get the very best information we can.

22 MR. WRIGHT: Mr. Chairman, may I ask one or
23 two questions?

24 THE CHAIRMAN: Yes, certainly.

25 MR. WRIGHT: Mr. Wismer, you filed as an
26 appendix to your brief a table taken, I take it,
27 from the Dominion Bureau of Statistics showing the
28 employment in water transports?

29 MR. WISMER: That is right.

30 MR. WRIGHT: Are those employees all engaged



in the coastal trade?

MR. WISMER: No, they are engaged in the things which you see on page 2; turn over the page and you will see we have given you exactly what the Dominion Bureau of Statistics had.

MR. WRIGHT: Do you know how many are engaged in the coastal trade?

MR. WISMER: It would be difficult to say that because, for instance, you look at the fourth operations, unloading vessels. It would be very difficult to get a breakdown whether some one is working on a ship that is in from a port other than a Canadian port.

MR. WRIGHT: Do you know what percentage of the employees engaged in the coastal trade you represent?

MR. WISMER: Well, I represent just about -- well, there are three organizations in shipping. There are deck officers, that is the Canadian Merchant Service Guild. They have an agreement with most companies, most Canadian companies. In so far as the marine engineers, they have their own national Association of Marine Engineers, and then the unlicensed personnel belong to the Seafarers' International Union. Those are the three. They are illustrated at the beginning, they actually serve in the vessels themselves. Now, I cannot say that every operator of a vessel is covered by an agreement with these unions but all the major companies are. It is pretty complete



1 on the Lakes and the West Coast, and quite a number
2 on the East Coast, and the other people that we
3 represent are the people who build or repair or
4 service ships, that is certain skilled tradesmen
5 and the metal trades and so on.

6 MR. WRIGHT: I was not concerned with that.
7 I was just a little more interested in the first
8 part. I take it from what you say you represent
9 the major portion of those employed.

10 MR. WISMER: Well, yes. I suppose we
11 represent over 90%.

12 MR. MUNDELL: May I ask one question for
13 clarification. In connection with the ocean
14 shipping, the suggestion that you make is that
15 Canada develop ocean shipping. I do not know
16 whether that is a matter within the jurisdiction
17 and authority of the Commission or not, but in
18 connection with that are you suggesting any
19 restriction on foreign shipping coming into
20 Canadian ports or, for example, coming up the St.
21 Lawrence for the purpose of trading.

22 MR. WISMER: Yes, that they do not get into
23 this other train of trade.

24 MR. MUNDELL: Your ocean shipping policy
25 would be borne by subsidy to the Canadian built
26 operator.

27 MR. WISMER: Only to get that service
28 fundamentally under the control of Canada and not
29 some one outside Canada.

30 COMMISSIONER BELANGER: On page 18 I read:



1 "The shipping industry also faces problems
2 "in maintaining sufficient trained
3 "personnel."

4 Would you explain that? What do you mean exactly
5 by those problems?

6 MR. WISMER: When you reduce the total
7 activity of the shipping industry, which, of course,
8 occurs for instance where a transfer of a large
9 proportion of the deep sea fleet from Canada to
10 British registry. The opportunities for training
11 personnel disappear as well as the jobs of those
12 who were already there. In other words, if you
13 limit the size of the industry you limit the size
14 of the personnel which can be trained. Then when
15 you want somebody you have to run outside of the
16 industry to get some one who has that type of
17 training.

18 COMMISSIONER BELANGER: How many employees
19 were involved, about 4,000?

20 MR. WISMER: Yes.

21 COMMISSIONER BELANGER: In your appendix 4
22 and 6, just trying to reconcile the statement here
23 on page 18; in your appendix 4 and 6 you have the
24 statement that in January, 1946, there were
25 20,000 people employed and working in water
26 transportation. In 1955 there were 32,000. There
27 has been an increase.

28 MR. WISMER: That is right, but they are not
29 all on ships.

30 COMMISSIONER BELANGER: No, I know. There



1 has been an increase in the ships.

2 MR. WISMER: There has been some but you have
3 had at the same time a decline in the Canadian owned
4 and registered operations which reduces the
5 opportunities for men to train to get the necessary
6 certificate to qualify him as a senior deck
7 officer or a senior marine officer. As a matter
8 of fact, I am sure they have difficulty in manning
9 the vessels with fully qualified people. One of
10 the reasons is there is no place to train them.
11 We have reduced that activity so much.

12 COMMISSIONER BELANGER: You mean train for
13 ocean-going vessels?

14 MR. WISMER: No, even train for internal work.
15 After all, once you get out on the East Coast the
16 requirements for a navigator or a deck officer
17 are sizable. If you have him qualified properly
18 you maintain a better marine engineer, highly
19 qualified.

20 COMMISSIONER WICKWIRE: You have viewed these
21 problems. Is the cost of transportation affected
22 in any way?

23 MR. WISMER: For the cost of transportation?

24 COMMISSIONER WICKWIRE: Yes. In other words
25 have you given any consideration to what might
26 happen to the cost of transportation of goods by
27 ship if Canada restricted her coastal shipping to
28 ships under Canadian registry or built, owned and
29 operated by Canadians?

30 MR. WISMER: Quite frankly, to reserve the



coastal shipping and inter-coastal shipping to Canadian vessels, in our opinion should not result in a great increase but not, I suggest to the Commission, without some effort of -- I do not want to use the word "control" but at least supervision of the coastal waters or at least the coastal waters so we make sure that the two railways cannot throw our economy out of gear.

COMMISSIONER WICKWIRE: So that it becomes too expensive.

MR. WISMER: Yes. We have a Board of Transport Commissioners to look after these things.

COMMISSIONER WICKWIRE: When you advocate restriction, I take it that you advocate that for all of Canada, the Great Lakes, the St. Lawrence, the East and West Coast?

MR. WISMER: In general terms, yes. I do not think in asking that we are reserving the coastal and inter-coastal shipping to ships built and registered as manned by Canadians but there should be some special agreement, something such as was provided for under Section 673 of the Canada Shipping Act, where some one could make its plea to the Minister of Transport.

COMMISSIONER WICKWIRE: I am thinking, for example, of one line that is a United Kingdom line which is operated and services between the U.K. and Newfoundland, and I think it goes to Boston, too. It is the Furness, Withy Line.

MR. WISMER: Yes.



1 COMMISSIONER WICKWIRE: Do you think they
2 should be cut out completely or an exemption should
3 be made?

4 MR. WISMER: Well, that is just one leg of a
5 long voyage that does not normally take in coastal
6 trade.

7 COMMISSIONER WICKWIRE: Yes.

8 MR. WISMER: That ship really loads at
9 Liverpool or some place and goes down to Newfoundland
10 and goes on.

11 COMMISSIONER WICKWIRE: I think it has main-
12 tained an essential service for a great many years
13 between the U.K. and Newfoundland.

14 MR. WISMER: I think with a line such as that,
15 as far as any definite line to Halifax -- that is
16 only one leg of a long journey. They do not just
17 run a ship back and forth between St. Johns and
18 Halifax.

19 COMMISSIONER WICKWIRE: No, it is from the
20 U.K. to St. Johns.

21 THE CHAIRMAN: There is another one from
22 New York to Boston to the Maritime Provinces.

23 MR. WISMER: There are some situations of
24 that sort. I am aware of some special circumstances.
25 We moved defence shipments to the United States and
26 so forth. I think some of those things probably
27 have to be looked at as special cases. There is
28 power under 673 to look after that situation.

29 COMMISSIONER WICKWIRE: Would you consider
30 the same consideration or a similar consideration



1 would apply to the coal from up the St. Lawrence?

2 MR. WISMER: I would have to be convinced
3 of that conclusion.

4 COMMISSIONER WICKWIRE: You are not convinced
5 that Canadian bottoms cannot carry coal as cheaply
6 as U.K. ships which now carry it?

7 MR. WISMER: I am not convinced but I do
8 know that there are certain special cases. I think
9 we have it in our brief. We mention 673 is to be
10 used with great caution.

11 COMMISSIONER WICKWIRE: Have you considered
12 the possibility of any retaliation if you restrict
13 our coastal shipping to Canadian built and Canadian
14 operated ships?

15 MR. WISMER: You mean that they would not
16 eat the wheat grown in the Prairies?

17 COMMISSIONER WICKWIRE: Yes.

18 MR. WISMER: I think that would be stretching
19 our imagination a little too far. In all fairness
20 I think the Englishman buys our wheat at the best
21 price he can and the best quality he can. We grow
22 the best quality wheat and meet the international
23 prices.

24 COMMISSIONER WICKWIRE: I was wondering if
25 you considered those aspects at all. They are
26 aspects which you do accept and have considered?

27 MR. WISMER: Yes, they are.

28 THE CHAIRMAN: Thank you. We will adjourn
29 until to-morrow morning at 10.00 o'clock.

30 ---The hearing adjourned at 4.30 p.m.



A/1
July 13 1
JC

WEDNESDAY, JULY 13, 1955.

2 ---On resuming at 10.00 A.M.:

3
4 THE CHAIRMAN: The members of the Commission
5 have given some further consideration to the question
6 of procedure, and in view of the fact that nearly
7 every submission is a mixed statement of fact and
8 law we thought it appropriate that when stating a
9 statement the person making the statement will under-
10 stand that he will be subject to questioning. I do
11 not mean cross-examination. I mean questioning upon
12 the basis of his fact as well as upon the basis of
13 his opinion; and similarly, when those submitting
14 briefs call witnesses it is almost inevitable that
15 the witness in giving testimony will in fact be
16 giving mixed testimony of fact and opinion, and
17 strictly speaking opinion, apart from expert opinion,
18 has no place in evidence.

19 Under these circumstances it did not seem
20 appropriate that witnesses should be sworn. We will
21 carry on in that fashion.

22 Now, I understand the first brief to be con-
23 sidered this morning is that of the Canadian Ship-
24 building and Ship Repair.

25
26 SUBMISSION OF THE CANADIAN SHIPBUILDING
27 AND SHIP REPAIRING ASSOCIATION.

28 MR. G. JACKSON: Mr. Chairman and gentlemen.
29 This brief of the Canadian Shipbuilding and Ship
30 Repairing Association has been composed in such



1 a manner as is possible to validate all the statements
2 of fact by the citation of evidence of a character
3 which, if this were a Court of law, would be recog-
4 nized.

5 Yesterday counsel for the Commission asked me
6 what we wished to do in the matter of producing wit-
7 nesses. I could not answer him at that time because
8 we were holding our final session, but what I should
9 like to do being, I must confess, an unpredictable
10 man, is when we come to discuss practical matters
11 which deal with the matter of engineering and ship-
12 building, to ask Mr. Roger McLagan to talk to these
13 points. Mr. McLagan, as the Commission knows, has a
14 distinguished career as a consultant engineer. He
15 has had long experience both in building ships and in
16 ship operation.

17 Despite the care with which this brief was
18 made, the odd error still creeps in. I should like,
19 if I may, to make two corrections: The first is
20 quite trifling. We refer on page 11 to the request
21 which we make to the Commission, and we refer to
22 that request as being on page 1. It is, of course,
23 on page 5, which is the first page of the text.

24 The other error is somewhat more serious.
25 On page 26 we have a footnote reference to Table 13,
26 which is supposed to validate the request of the
27 last paragraph but one of page 26. We realize that
28 the figure in Table 13 is not relevant because it
29 carries up only until March 31st, 1950, but on
30 page 26 we are talking about vessels being imported



1 into Canada under Section 22 of the Canada Shipping
2 Act, and of course the information should be dated
3 from June 30th, 1950 and thereafter.

4 Therefore I should like to submit to the Com-
5 mission and the members of the Commission and other
6 interested parties copies of Table 13A, which may
7 perhaps be inserted in our appendix between pages 60
8 and 61. Table 13A gives the number of gross tonnage
9 of vessels built outside of Canada, approved for im-
10 portation and suitable for employment in Canada coast-
11 ing trade from June 30th, 1950 to December 31st, 1954.
12 That is the information which belongs to the reference
13 on page 26. May I have these distributed now, Mr.
14 Chairman?

15 THE CHAIRMAN: If you would.

16 MR. JACKSON: Thank you. I should say fur-
17 ther, sir, that this brief is prepared and is being
18 printed in French as well as English. While we
19 were successful in getting the English version through
20 the press in time to put it in the hands of the mem-
21 bers of the Commission, the French version is not
22 yet ready to be distributed this morning. I can
23 promise it will be available in sufficient numbers
24 at least by late this week.

25 May I now begin by reciting what are the two
26 requests which we make of this Commission, which is
27 the entire purpose for which this brief has been
28 composed.

29 I am quoting here from page 5 of this refer-
30 ence; so I begin:



"We shall urge the Members of the Com-

"mission to recommend in their Report:

"I (I) That from henceforth the coasting

"I trade of Canada shall be reserved to

"I ships registered in Canada;

"I (II) That from January 1st, 1957 (or some

"I other convenient date in the near

"I future) replacements of, and additions

"I to, Canada's coasting trade shall be

"I built without exception in Canadian

"I shipyards."

I should like also to make it clear lest there could

be misunderstanding anywhere that we do not suggest

interference with ships in Canadian ocean trade.

There is no desire on our part to limit in any way

the future opportunities in direct ocean trade by

United Kingdom shipping firms doing business with

Canada.

Further I should say, because the fact has

not yet been brought out explicitly during these

sessions, that whatever happens, whatever recommenda-

tions this Commission may make and whatever decision

the Government of Canada may come to thereafter, one

thing certain is that after the deepening of the

St. Lawrence Way Canals, the carriage of cargoes on

the Great Lakes and on the St. Lawrence is sure

to be made cheaper than before.

Now, sir, perhaps I may turn to one of the

briefs which is circular 2 in the Commission's

Volume 1. I refer to the brief of the Ship-



1 building Conference of the United Kingdom No. B.25
2 which devotes some attention to us. On page 1 of
3 that brief, referring to the Canadian Shipbuilding
4 and Ship Repairing Association they say:

5 "This Association, we believe, has as its
6 "members all, or if not all, the great major-
7 "ity of the shipbuilders and shiprepairers
8 "of Canada, and for the past four years, this
9 "Association by means of periodic bulletins,
10 "with wide circulation, has endeavoured to
11 "promote the proposition that Canadian Coastal
12 "Trading should be handled only in Canadian-
13 "registered and Canadian-built ships. The
14 "publicity undertaken by the Canadian Ship-
15 "building and Ship Repairing Association makes
16 "it abundantly clear that the cause that
17 "Association is fostering is the wellbeing
18 "of the Canadian shipbuilder and that alone.
19 "To quote from a Bulletin issued on the first
20 "April, 1952, 'one simple measure of protect-
21 "tion is the reservation of Canada's coastal
22 "shipping trade to Canadian -built and
23 "Canadian-registered ships".

24 I continue to quote from this brief:

25 "It seems that this clear statement of
26 "the aims of the Canadian Shipbuilding and
27 "Ship Repairing Association draws very def-
28 "initely the line of conflict between the
29 "interests and aims of that body and those
30 "of nearly every other person including



"it is submitted, the interests of the Canadian
"consumer."

Those words were written and sent to the Commission before yesterday's hearings. I commend to the sponsors of the brief the statement in this Montreal Gazette that 1,100,000 Canadian workers differed on some points amongst themselves in matters of opinion, nevertheless the unions declared themselves in favour of the two requests which we now make.

In other words, we do not stand altogether alone. May I take up, if I may, the earlier phrase in this quotation which I read, the statement that "the cause that the Association is fostering is the wellbeing of the Canadian shipbuilder and that alone."

We confess, sir, that we are engaged in the shipbuilding business in order to make a profit and we are not ashamed of that. We wish to make a profit principally for two reasons: first, because when we make a profit we can spend on our yards money which makes them more efficient than before and secondly, because these shipyards on which money cannot be spent inevitably become inefficient, but what possesses our friends, when they dug up a document written for other purposes three years ago, in order to persuade the Commission that our sole purpose is our own material advantage, I for one cannot see. When one reads this brief of ours surely the first point which becomes evident is that we have argued our case not in terms of our own wellbeing but in terms, first of all, of the



1 wellbeing of Canada, and secondly, of the wellbeing of
2 the British people; and thirdly, in terms of the well-
3 being of free people everywhere. Our case rests on
4 no claim made for ourselves. It rests on the belief
5 that our industry forms part of the function of de-
6 fence of all the free people of the world and that it
7 is from this point of view that we should be consider-
8 ed primarily. I say that confessing that we are
9 trying to make an honest living.

10 Two summers ago, sir, I was in Glasgow and
11 went to the home of Erin Smith and I recall a state-
12 ment, which I cannot quote exactly, that Smith made,
13 remarking in some way, "I have seldom seen anyone gain
14 by dealing with persons who claim to be trading for
15 public good." We do not claim to be trading for the
16 public good but we do try to build ships as well as
17 we can.

18 While I still have before me the brief B.25,
19 perhaps I may read a few more remarks:

20 "At the present time, the facilities
21 "of the British Shipbuilding Industry are
22 "fully modernized and competitive in all res-
23 "pects with any shipbuilding industry in
24 "the world. This state of affairs is due
25 "to the initiative of the British shipbuil-
26 "der himself, whose business is carried on
27 "without subsidy of any kind and, save in
28 "the case of very small craft for inland
29 "waters, without any tariff protection
30 "whatsoever."



1 THE CHAIRMAN: From what page are you reading?

2 MR. JACKSON: This is on page 3 of the memor-
3 andum, B.25, headed "British Shipbuilding" at the
4 top of the page.

5 "This state of affairs is due to the
6 "initiative of the British shipbuilder himself,
7 "whose business is carried on without subsidy
8 "of any kind and, save in the case of very
9 "small craft for inland waters, without any
10 "tariff protection whatsoever."

11 A statement which we acknowledge freely. We cannot
12 but admire the record the British shipbuilding industry
13 has created for itself but, sir, when we are told
14 at the beginning of this brief that the chief consider-
15 ation is the interest of the consumer and the plea
16 is put forward that the British shipbuilding industry,
17 because it can build ships cheaper, should be given
18 the chance to under-cut us, the reader, I fear, is
19 kept from the fact at present in Canadian coasting
20 waters the British shipowner and the shipbuilder in
21 Britain, who builds for him, occupies a privileged
22 position over the other British shippers.

23 If cheapness were to be the sole guide for
24 us, in fact, in providing ourselves with a fleet
25 for our coasting trade we should, I suppose, throw
26 this open to ships built in any markets of the world
27 and if we were trying to bring here the cheapest
28 ships to be found anywhere they would not be British
29 ships.

30 I quote in support of my argument from the



1 Christian Science Monitor as recently as June 28th
2 of this year which refers to news disturbing to this
3 sea-faring nation, meaning the British, "Grown great
4 by vessels flying the red duster, which poked into
5 the world's remotest ports, the news is disturbing.

6 "The simple fact is that the Germans at the
7 "moment can construct ships faster and cheaper.
8 "A British company says so and has backed up
9 "its assertion by placing orders for three
10 "new freighters with a Bremen builder. This
11 "is a stiff jolt to British industry. Builders
12 "~~here~~ knew other nations were placing ship
13 "orders with German or Japanese concerns be-
14 "cause the price was lower or the delivery
15 "date quicker. But here was an established
16 "British firm in business since 1858 -- 'going
17 "abroad' -- for its vessels for the first time.
18 "'All British shipbuilders are running the
19 "risk of pricing themselves out (of the mar-
20 "kets) the way costs are rising in this country
21 "today and they do not look like they are
22 "getting any less."

23 I submit, sir, that the plea put forward here is
24 capable of reductio ad absurdum when one realizes
25 the application of that principle fully would perhaps
26 throw the major part of the shipbuilding in the
27 world into Japanese, Italian, Danish and Dutch ship-
28 ping yards.

29 I have said, sir, our principal concern is
30 not our own self-interest. I am going to raise



three questions with respect to the deepening of the St. Lawrence Canals and attempt to answer them briefly here as we have tried to do more extensively in our printed brief.

First, will the Canadian shipbuilders be damaged thereby? Secondly, will the damage done to them be damage of national significance? And thirdly, will the proposals which we now make provide a remedy?

Let me confess there is a great deal which I should like to know but do not know. I think nobody now can foresee clearly the pattern of water-borne trade between the Great Lakes and the Atlantic Ocean as it doubtless will be changed with the deepening of the canals.

I would like in this connection to bring to notice a diagram of some figures in the brief which we have submitted to the Commission which appears on page 25 where we have plotted in three lines from 1926 onwards as near to the present as possible, first the growth in volume of production in Canada year by year with some fluctuations because there were changes, of course, through the depression in the '30s, fluctuations in volume and production in Canada from year to year; and secondly fluctuations in the volume of Canada's international trade; and thirdly, fluctuations in the volume of Canada's coastal trade.

We know that we now stand on the threshold of a period of immensely rapid development in Canada bar the coming of another World War with its awful



1 consequences, but I would submit, sir, the facts
2 brought together in this diagram make it abundantly
3 clear that whatever is going to be the rate of growth
4 of the Canadian economy during the next generation
5 the rate of growth in volume on the water-borne trade
6 -- here I have particular reference to the volume in
7 coastal trade, is likely to be very much less than
8 the rate of growth of our entire economy. Nothing
9 would be simpler at the present time than for all of
10 us to take for granted that there is going to be the
11 amount of business in the coasting trade hereafter
12 much greater than in fact there is any reason to
13 suppose. We are talking about growth of quite
14 limited proportions. In spite of the marvellous con-
15 ditions for development which Canada now faces, never-
16 theless we have every reason to believe that under
17 the rules now governing our coasting trade we shall
18 encounter fierce competition from United Kingdom ves-
19 sels, cheaply built either in the United Kingdom yards
20 or in other yards elsewhere where they can be built
21 even more cheaply than in those United Kingdom yards,
22 and some can be built specifically for Canada's
23 coasting trade. Such competition might put out of
24 business the Canadian ships at present in our
25 coasting trade. At the least, sir, if Canadian
26 shipowners in this trade wish to survive against
27 that competition it will intensify tremendously the
28 pressure on Canadian shipowners for permission to
29 compete with Canadian-registered ships cheaply built
30 abroad in other nations. The Canadian shipyards,



1 which are my concern before you this morning, would be
2 deprived of business which is indispensable to their
3 continued existence. If we are now to let our ship-
4 yards become idle and empty, how can Canadian ship-
5 builders carry the responsibility which would at once
6 be theirs in another World War; a responsibility
7 bound to be heavier still than were their responsi-
8 bilities in World War II; and lest it be said that we
9 are fanciful in talking about this against a background
10 of a possible war, let me remind the members of the
11 Commission, sir, of a statement released only last
12 week by Earl Russell, Bertrand Russell, as we know him,
13 and other leading scientific thinkers including
14 Albert Einstein, who has just gone from us. The
15 statement is important in that it is the first such
16 manifesto since printing began which is written for
17 the purpose of making all of us realize the nature
18 of the world in which we now live.

19 I quote a couple of paragraphs, if I may, from
20 that. These scientists writing to all of us say:

21 "We shall try to say no single word
22 "which should appeal to one group rather than
23 "to another. All equally, are in peril, and,
24 "if the peril is understood, there is no
25 "hope that they may collectively avert it.

26 "We are speaking on this occasion, not
27 "as members of this or that nation, continent
28 "or creed, but as human beings, members of
29 "the species man, whose continued existence
30 "is in doubt.



1 "We have to learn to think in a new way."

2 Accordingly, that publication of this manifesto
3 means an apparent relaxation of tension which is making
4 some people feel better than they felt a very short
5 time ago. Nevertheless only three days ago our own
6 Minister, the Honourable Paul Martin said this:

7 "During the past few months we have
8 "been faced with a series of developments --
9 "culminating in the approaching meetings at the
10 "'summit' -- that would, on the surface at
11 "least, appear to suggest that the Soviet Union
12 "may be prepared to adopt a more constructive
13 "attitude towards a solution of some of the
14 "problems that now divide the world.

15 "But no prudent man throws away his
16 "Winter coat at the first sign of moderation
17 "in the weather.

18 "Whatever encouragement can be taken
19 "from recent events -- and I think they are
20 "encouraging developments -- we cannot afford
21 "to grow complacent.

22 "It is altogether unlikely that we
23 "will be able to afford in the foreseeable
24 "future to abandon our policy of making more
25 "secure the strength and unity of the free
26 "world."

27 In the more forthright language of Sir Win-
28 ston Churchill, whom all of us have learned to trust:

29 "You have not only to convince the
30 "Soviet Government that you have superior



1 "forces and that they are confronted by superior
2 "forces but that we are not restrained by any
3 "moral consideration from using that force with
4 "complete material ruthlessness. That is the
5 "greatest chance of peace, the surest road to
6 "peace."

7 The essential position of the North American
8 shipbuilding industry and amongst them the Canadian
9 shipbuilding industry for strategic and other services,
10 as an indispensable part, is that they are a vital part
11 of the defence of freedom in the world and it is a
12 danger that unless means be taken to keep the Canadian
13 shipbuilding industry active and efficient through
14 this long danger period with which we are confronted,
15 which is the centre of the case which we now put be-
16 fore you.

17 I said, sir, that the task of the Canadian
18 shipbuilder in a new, more terrible World War would
19 be much more exacting even than the tremendous task
20 with the Canadian shipbuilder was confronted with in
21 World War II which suddenly burst upon us in 1939,
22 when, by comparison with the conditions of 1955, the
23 building of ships was a simple business. In those
24 days the business got much energetic and ingenious
25 people giving of their best especially when guidance
26 was available to them from elsewhere. Those
27 conditions have been completely changed in the short
28 period of sixteen years.

29 I had hoped, sir, if I may, at this stage to
30 be permitted to ask Mr. McLagan to speak to you for



a few moments about what the task of the shipbuilder

is under such circumstances now. May I do so?

THE CHAIRMAN: Yes, certainly.

MR. T.R. McLAGAN: Mr. Chairman and gentlemen of the Royal Commission. I shall endeavour to give you some factual information about the shipbuilding industry and its problems as I see them and as I have seen them in my experience.

Shipbuilding has undergone vast changes since the outbreak of World War II. Yesterday I heard at the hearing much discussion in trying to estimate or attempting to estimate the number of people in the shipbuilding industry in Canada. I would like to emphasize the fact that the shipbuilding industry spreads beyond the shipyards. Shipbuilding is a community issue. It embraces many other industries particularly in North America and in the United Kingdom shipyards in many cases among the things they themselves had to do. Such changes have taken place particularly in the field of naval construction. In order to understand what the shipbuilding industry in terms of men means, you must go out into the industries of the countries and find out what men are employed in the assembling of parts of ships.

The building of a ship is the building of a floating community which must stay upright at sea. It must propel itself, it must light itself, it must feed itself and in the case of a naval craft it becomes a veritable floating arsenal, and that poses a great problem in placing those in ships. The work



involved in building a ship seeps out into many of the manufacturers of the nation. To be specific, this Association's brief gives a list of forty industries who are supplying parts to the yard, which will give you an idea of where they are built in the country and the kind of business involved. Shipyards today are merely assembly points being put into ships. You can liken it to the building industry except it has no right-angles and thereby becomes more difficult.

Now, at the beginning of World War II, and much has been said about what was done so very quickly, the shipyards had sunk to a very low state of affairs. Ships had not been built for some years. Nevertheless when war came men were recruited from other industries, largely men of the United Kingdom who had come out here and joined other businesses and they came back to the shipyards and fourteen months later Canada was producing the first Corvettes. This was only possible because the British authorities had designed a simple craft with the simplest of machinery involving the old-fashion reciprocating engine in the fighting of submarines.

It may be said due to the unpreparedness of the navies of Great Britain and Canada and the United States we had to use such craft. Corvettes were followed by Mine Sweepers, the same simple design, and then by cargo ships and then later on frigates were built which were merely enlarged Corvettes including no change in the machinery, that same simple



thing. At that time we did not have any navel architects or marine engineers or naval technicians to develop, design and produce which we now have.

My point in reciting the work of the Second World War is to impress upon you the changes that have taken place. The submarine hunters of today have no resemblance to the simple Corvettes of 1940. I am speaking in dollars. The Corvettes of 1940 cost about \$170,000. Frigates about \$1½ million. The submarine hunters which we build in Canada cost about \$12 million now.

Then the simple Mine Sweeper, which was something like a tramp, cost about \$500,000. The Mine Sweepers today cost about \$3 million. These are the things that are being developed and produced by this industry in Canada today.

These new naval types are at the moment being developed in this country. They are being built and designed in this country -- they are being developed and designed within a few miles of this city. They are as complex as the modern fighter or bomber aeroplane, and in my judgment they are more difficult to build because there is no mass production.

In a fighter or bomber you break up the plant into smaller parts. You are able to take women in or unskilled personnel from farms and put them on repetitive work in a very short time, and you have production and we are producing aeroplanes at a great rate, which is not the case with building ships. There is no mass production involved and



1 naval work has required us to bring in a different
2 kind of man. In the field of electronics we have
3 developed an entirely new trade in the shipyards.
4 Spaces are so confined in the ships that a great many
5 men cannot work at one time and therefore if a work
6 force is to be maintained continuity of work is essen-
7 tial. Highly trained technicians are not only re-
8 quired to design but to advice or supervise. Today
9 we have a different class of men in the industry the
10 same as you have in other industries. With the
11 present requirements it would not be possible to jump
12 into another World War as we did in World War II. We
13 must be prepared. We must have an industry that is
14 in being. That is trained, that has work forces to
15 deal with these very complicated problems. Here again
16 I stress the effect of continuity of employment.

17 The present Liberal Government in its wisdom
18 has recognized the need of a shipbuilding industry
19 because it has embarked on the building of a one hund-
20 red ship navy and because it has expended capital
21 and provided throughout this country plants for the
22 building of steam turbines, gears, winches, guns,
23 electronic and radar controls which hitherto were
24 not built in Canada. These plants can be readily
25 visited I am sure, if you wish to verify my state-
26 ments.

27 Great advances have been made in the building
28 of merchant ships. We have built merchant ships
29 in this country such as were not dreamed of fifteen
30 years ago. If the Commissioners are interested



1 formal application could be made to see the kind of
2 vessels we build for the Department of Transport and
3 our many specialized ships. All of these have been
4 created and designed in this country and by this
5 industry.

6 Again, with the encouragement of the Government
7 through the process of accelerated depreciation,
8 Canada has built up the most efficient Upper Great
9 Lakes fleet that she has ever had, and it was just in
10 time to deal with the rapid expansion of Canada's
11 industry as witnessed by the evidence of a gross
12 national product up to the present. We have designed
13 and built the biggest ships in this country that were
14 ever built for the Great Lakes and it is my hope that
15 the Commissioners will be able to take the time to
16 board one of these great vessels and see not only what
17 the shipbuilding industry does, but what the Great
18 Lakes fleet means to this country.

19 I have dealt with this matter at some length
20 because at the hearing yesterday I had a feeling that
21 the word "efficiency" was being mixed up with the
22 word "cost". Canadian workers who build ships either
23 in shipping yards or in other industries receive the
24 going rate of wages. I have never been successful
25 in persuading the gentlemen from the trade unions
26 myself that because a ship worker from the United
27 Kingdom only gets \$25 a week he should get the same
28 here in Canada. Perhaps somebody can but I have
29 never been able to. At any rate the wages paid
30 in Canada are nearly three times those paid in Great



1 Britain and a differential between our wages is found
2 also in Germany, Holland, Italy and Japan.

3 In my judgment it is wrong to assume because
4 the man in the United Kingdom, at least the man hours,
5 are turned into money at 60¢ or 50¢ an hour, is more
6 efficient than the man in Canada who turns his man
7 hours into money at \$1.50 an hour.

8 Efficiency is determined by the man hours con-
9 sumed per ton or per square foot or for one hundred
10 feet, lineal feet, of unit or work unit the particular
11 industry uses, and I have never heard it said in my
12 experience, even by U.K. shipbuilders that U.K. ship-
13 builders are more efficient than Canadian. In my
14 judgment it is a remarkable industry. I have never
15 met an industry throughout my experience in this
16 country which has had to deal with the ups and downs
17 which runs at such a low rate of capacity, which is
18 able to produce ships and which has a low man hour rate
19 as is shown in this country, and I am prepared to
20 prove it. Again on the quality of work I state
21 without qualification that the quality of work of
22 the Canadian ship is the peer of any to those which
23 come into the Port of Montreal from Europe. In my
24 opinion and in the opinion of other people we are not
25 ashamed of the quality of work that is being turned
26 out in this country. Therefore I would like to
27 impress upon you the fact that this industry is not
28 an inefficient industry because the costs are high-
29 er than those of the U.K.

30 Much has been said about costs of building



1 ships in Canada. Of course ships cost more to build
2 in Canada. If a ship of 500,000 man hours is built
3 at the rate of \$1.50 an hour it is certainly going to
4 cost more than in the U.K. where the rate is 60¢ an
5 hour. Also there is the fact that the cost of
6 steel is considerably less in the U.K. than it is in
7 Canada. Certainly ships cost more in Canada, but
8 with such a great differential in the wage rates and
9 in the price of steel one would think that the British
10 ships' selling prices would be proportionately lower
11 than our own. In cases where I have quoted against
12 a British shipyard this is not the case, and this
13 merely would prove this industry is not inefficient.
14 I should like to add here that ships are not the only
15 thing in Canada that cost more. Automobiles cost
16 more, which I find to my chagrin but which I cheer-
17 fully pay, writing paper costs more, aeroplanes cost
18 more, clothes cost more, but there is a price to be
19 paid, I would think, by being a Canadian and if they
20 are rising in the gross national product I would
21 think we would have to pay.

22 In my judgment it is as essential to have
23 a shipbuilding industry in this country as it is to
24 have an aeroplane industry, or an automobile in-
25 dustry, or an electrical industry. Our inland
26 fleet alone is of great importance to this country
27 and it must be maintained and repaired. These
28 ships operate in a short season and from the time
29 where they are loading ore and coal and other
30 things you cannot carry enough parts or people to



1 make open repairs on the St. Lawrence River alone at
2 one time, and these ships, in their short operating
3 season, must not have stoppages. Stoppages are
4 disastrous. In fact, if we are not getting bulk
5 cargoes into the steel mills, then the largest part
6 of the steel industry is curtailed. To maintain and
7 repair these ships drydocks and shipyards must be kept
8 in existence. Some of our ships go to 25,000 tons
9 and if we have to repair a vessel of that size it
10 is not a small task. The capital involved in mach-
11 inery is great and drydocks of eight or nine hundred
12 feet long are necessary for the navy and run into
13 huge proportions.

14 As I have said, our Government has decided
15 the shipbuilding industry must survive. They have
16 decided the navy must be built here, and furthermore,
17 the navy must be maintained here. Naval maintenance
18 and repair is of considerable importance.

19 In my judgment what will come about from
20 the coasting trade is very necessary to supplement
21 the repair work and naval building in this country,
22 and therefore I believe the new additions to the
23 coastal and inland fleet should be restricted to
24 Canadian-built ships. By doing so we would retain
25 control of our inland freight, which is not the case
26 if our new fleet is driven to the wall and their
27 places taken by the U.K. flagships. Again, all
28 Canadian ship operators will be on the same basis.
29 There will be no such nonsense as getting special
30 privileges and getting ships brought in.



1 Restricting the coastal trade will bring about
2 a greater volume of work which will reduce overhead.
3 Reducing overhead lowers the cost of Government work
4 in the yards. This can easily be proven by investi-
5 gating some of the yards who have had work other than
6 Government work.

7 In asking for restrictions of the coastal trade
8 the Canadian shipbuilders are not attacking anyone.
9 We are not attacking the United Kingdom. This ship-
10 building industry, it may be interesting to note,
11 gives a great amount of work to the British industry
12 and the only reason that we do not give them more is
13 because we cannot get the kind of things we want.
14 There are many things we want which we can build in
15 Canada.

16 The United Kingdom shipping industry is of such
17 importance, it produces about $1\frac{1}{2}$ million tons a year,
18 that such a small amount of business we would do
19 here would never be missed. I believe also there
20 are many British operators who are very interested
21 in seeing a healthy shipbuilding industry maintained
22 in this country, and after the experience of two wars
23 surely we would well think they would think so.

24 The coming of the seaway is going to pose
25 many problems, and surely after two world wars we
26 are not going to be so foolish as to allow our in-
27 land and coastal fleet to disappear and to be dis-
28 persed to another flag.

29 I realize it is difficult for you, Mr. Chair-
30 man and fellow Commissioners, to grasp what I have



1 said about this complicated industry. I would hope,
2 and in fact almost implore you before proceeding on
3 your Western trip, to pay a visit to one of these
4 shipyards and you can go and see the Canadian Vickers.
5 You can see the complications of design to build a
6 ship and other complications much better than anything
7 I can say to you today.

8 Now, I conclude by saying that of course trans-
9 portation costs are coming down when the seaway goes
10 through. They are coming down because we have built
11 these great ships. Bigness means lower cost.

12 In my judgment when the seaway is built many
13 of these ships will be redundant, and in my judgment
14 ships of 10,000 or 12,000 tons are going to have to
15 be replaced.

16 I believe this work should be retained in
17 Canada and retained under our flag, and I believe
18 because of national security and general economic
19 welfare, this country will be better served if our
20 coastal trade is restricted to Canadian-built ships
21 and we maintain an efficient shipbuilding industry
22 because of our need for national security.

23 MR. JACKSON: May I proceed?

24 THE CHAIRMAN: Yes, please.

25 MR. JACKSON: Mr. Chairman, I have said
26 something about the prospect of competition from
27 overseas which would make difficult the ultimate
28 survival of the Canadian shipbuilding industry
29 after the deepening of the St. Lawrence Canals if
30 the present regulations persist. I would like to



1 look at, if I may, sir, the volume of business which
2 is actually being done at the present time and the
3 prospective volume of business in the immediate
4 future. Our business is shipbuilding and ship repair-
5 ing. Our shipbuilding business is a business of
6 partly building for Government warships and other
7 vessels, and partly building merchant ships. It is
8 essential that under any circumstances we have a ship
9 repairing industry available in Canadian coasting
10 waters, and it is essential that we have a shipbuilding
11 industry widely distributed. Now, we can only ful-
12 fill these conditions, we can only keep our ship-
13 building industry efficient and alive if we have a
14 continuous flow of work here.

15 I should like, if I may, because he says it
16 much better than I can, to quote from a brief state-
17 ment by Mr. L.K. Sandford, President of the Shipbuild-
18 ers Council of America, who was appearing before
19 the sub-committee of the Committee on Inter-state
20 and Foreign Commerce in the United States Senate
21 two years ago, in 1953 -- Mr. Sandford said:

22 "In order to maintain the conditions
23 "of employment in a shipyard at whatever
24 "level, there must be a reasonable se-
25 "quence of orders to permit all depart-
26 "ments to function continuously, always
27 "some ships on the ways, and always some
28 "fitting out. That sequence in contin-
29 "uity cannot be maintained when orders
30 "for new ships are completely lacking,



1 "even when they are at a low level or when
2 "they are spadmodic."

3 "It must be realized that there is a very sub-
4 stantial time lag between the receipt of an order
5 for a ship and the commencement of actual construc-
6 tion in a ship. That time lag will vary, depending
7 on the type of ship, whether it is a duplicate of
8 some previous ship, which it seldom is, on the work
9 load in the yard and on various other factors, but it
10 is in the order of from six months for a relatively
11 simple ship to a year or even eighteen months for a
12 large passenger liner.

13 "That is why we cannot look at the record at
14 any particular time and, because of the fact that a
15 number of ships may be under construction in a ship-
16 yard and there is substantial employment in connec-
17 tion therewith, state without reservations that the
18 condition is good, just because there is substantial
19 work under way and equally substantial ship deliver-
20 ies to be made by that particular yard during that
21 particular year.

22 "The real key to the situation is a condition
23 of the order book. Are there any orders coming
24 in for ships not yet laid down? Have any orders
25 been placed recently? If not, how long since a
26 new order was received? What are the prospects
27 for orders in the immediate and more distant fu-
28 ture?"

29 Now, sir, I should like to put on the record
30 as an exhibit, if I may, a statement of the



1 commercial work which is at present on hand in
2 Canadian shipyards. I have had copies of this pre-
3 pared, if I may, for the benefit of all interested
4 parties and the Commissioner.

5 On page 21 of the brief, it is pointed out that
6 on May 1st, 1955, shipyards of the Association had
7 on their books orders for only twenty-two commercial
8 vessels of all kinds. Ten barges, three scows, one
9 dredge, one tug, two ferries, one package freighter,
10 three canallers and one cargo vessel.

11 Since that time, the following commercial ves-
12 sels have been delivered: one canaller, one package
13 freighter, one dredge, two ferries, two barges, one
14 scow and one tug, leaving at the present time orders
15 for only one cargo vessel, two canallers, two scows
16 and eight barges. In the interval between May 1st
17 and July 13th no new commercial orders have been
18 placed.

19 Now, sir, if the prospect of damage to the
20 Canadian shipyards did not involve damage to Canada,
21 the situation which we have outlined may arouse the
22 Commission's sympathy, but they may not feel justi-
23 fied in doing something about it. They may not
24 feel justified in recommending that special mea-
25 sures be taken by the Government of Canada to keep
26 the Canadian shipyards in business and enable them
27 to retain their efficiency, but during two Great
28 Wars which have demanded efforts in the past half-
29 century, the question of where we have the great
30 many published words of all these scientists of



1 skill of the United States, of the British Common-
2 wealth and its allies, and this vast navy has been
3 the question of report and debate if and where another
4 such conflict should occur -- we know that the possi-
5 bilities are dangerously great in that regard, it
6 means it would be important that the shipyards would
7 not only be greater than ever before, but, as Mr.
8 McLagan has explained, as well of much greater
9 urgency.

10 ---EXHIBIT NO. 2: (Submitted on Monday, July 11)
11 Revision of Federal Transporta-
12 tion Policy.

13 ---EXHIBIT NO. 4: List of book orders as of May
14 1st, 1955.

15 In the United States, sir, the nature of the
16 problems is precisely the same. The situation
17 here described has been faced quite frankly in the
18 United States and it has also been dealt with forth-
19 rightly. Measures have been taken by the Government
20 of the United States in order to keep that country's
21 shipyards efficient and insure they shall build at
22 least on the minimum scale no matter what the cost
23 involved, as is well known, but for the convenience
24 of the Commission I have summarized that in our
25 brief.

26 We now face the question what measures are
27 necessary, what measures is Canada prepared to
28 take, so that in time of another World War the ship-
29 yards of this country can discharge responsibilities
30 which will then be thrown upon them. If the
Commission were asked to recommend that the



1 Government of Canada take the same measures which
2 have been taken in the United States to this end, the
3 members of the Commission might conceivably shrink
4 from advocating so great and direct additional to the
5 burden of Canada' expenditures on defence.

6 The requests which we now put forward are for
7 two measures to be taken which involve no drain on
8 the public purse and so new burden whatever on the
9 taxpayer in this country. We propose that the
10 future of all the Canadian shipyards could be safe-
11 guarded simply by restricting the coastal trade of
12 Canada to ships of Canadian registry, but at the
13 same time providing that henceforth such ships must
14 be built in Canadian yards.

15 On this point, sir, the third question arises,
16 of the three which I enumerated some time ago. Would
17 these measures suffice for the purpose? The members
18 of the Commission know just as well as we do this is
19 not a sum in simple arithmetic. First of all we
20 cannot measure in advance the size and in point of
21 time the urgency of the tasks which would then be
22 thrown on the Canadian shipyards and on which we
23 then profess our entire view of the plan.

24 Secondly, we cannot pretend to measure in
25 advance what would be the volume of commercial ship-
26 building made available to the Canadian yards if
27 our two requests were to be granted. Nobody can
28 come forth with a too neat calculation in regard to
29 these two points and claim authenticity for them.

30 We have made an act of faith. We have gone



1 through hard times in the past. We have undertaken
2 tasks which looked impossible. We have rendered
3 some service to this country and at the present time
4 we render a service which we claim is indispensable
5 now. We have made an act of faith. Whatever
6 decision the Commission makes on the evidence in
7 these deliberations the Commission certainly must
8 make an act of faith. You are in the position of a
9 man sailing on an uncharted sea, and we ask you, sir,
10 having regard for the considerations which we have
11 assembled and the many considerations that are going
12 to be before you from St. John's to Victoria during
13 the next few days, we ask you to make this act of
14 faith and to recommend to the Government of Canada,
15 for reasons which you will state much better than
16 we can, that from henceforth the coasting trade of
17 Canada shall be reserved to ships registered in Canada
18 and that from some definite date in the near future
19 require that all additions to the Canadian coasting
20 fleet shall be built without exception in Canadian
21 yards.

22 THE CHAIRMAN: I think, Mr. Mundell, be-
23 fore you proceed we will have a recess.

24
25 ---The hearing recessed at 11.20 A.M.

26
27
28
29 (page 246 follows)
30



1 MR. MUNDELL: Mr. Chairman, the brief sub-
2 mitted by the Canadian Ship Building and Ship
3 Repairing Association is so very well documented on
4 the factual statements put forward in it that I
5 thought I would confine myself in my remarks to
6 try to clarify to a certain extent submissions made.
7 The statistical information given is very thorough,
8 there is only one fact I thought might be of help
9 and that is if we could get some kind of accurate
10 estimate or accurate statement of the difference
11 in cost, in so far as that can be given, between
12 the Canadian built ship and, say, a United Kingdom
13 built ship. We have a number of different estimates
14 in the material submitted and I was wondering
15 whether it would be possible to give a reasonably
16 precise figure of the difference of costs, say,
17 percentagewise. I notice in the brief, page 18
18 I think it is, the Canadian Maritime Commission
19 says: .
20

21 "Comparative cost of a ship built in Britain
22 "would be 45% to 50% less than the similar
23 "built Canadian ship."

24 Is that 45% or 50%, would you agree with that
25 figure, and if so, to what does that apply to the
26 cost of the British ship or the Canadian ship?

27 MR. JACKSON: We tried all the way through
28 here, sir, to put nothing forward as our opinion
29 and where we give information which is not quite
30 up to date it is because such information is
objective and we have not given an estimate of



1 our own cost. I do not think we have any more than
2 what we have printed in the brief but I would like
3 your permission to have Mr. McLagan make his
4 observations as a ship builder on the subject.

5 THE CHAIRMAN: Very well.

6 MR. McLAGAN: Your lordship, these things are
7 very difficult to estimate accurately, just the
8 same as it is difficult for us to compete with one
9 another to guess what the other fellow's price is
10 going to be. We can prepare some figures for you
11 but these costs, the differential in the costs
12 between the two nations depend upon the size of
13 the ship and, in my judgment, I think that the cost
14 narrows down the smaller the ship gets. It also
15 depends ---

16 THE CHAIRMAN: That is the differential in
17 cost narrows down?

18 MR. McLAGAN: Yes, and that also depends on
19 where we buy the machinery, whether in the United
20 Kingdom, the United States or Canada, and it also
21 depends on the type of machinery to be used,
22 whether we use turbines or reciprocating engines,
23 and also the question of the combination that
24 we use. Our rules over here are somewhat more
25 severe in preventing fire, etc. We can prepare
26 a figure for you.

27 THE CHAIRMAN: I think Mr. Mundell was
28 thinking of comparative costs of building a ship
29 such as one in the Georgian Bay, the one which
30 bears your name, in Canada and in the United



1 Kingdom to-day, 1955, is that it, Mr. Mundell?

2 MR. MUNDELL: Yes.

3 THE CHAIRMAN: That is the type of ship you
4 say will be the type used in the Great Lakes?

5 MR. McLAGAN: Well, that is kind of a tough
6 one to ask me, I do not think they can build another
7 ship like that.

8 MR. MUNDELL: Perhaps a reasonable facsimile.

9 MR. McLAGAN: In my judgment, I think the
10 ships built in the United Kingdom cost 40% to 50%
11 more than those built in Canada.

12 MR. LOWREY: I think 45% to 50% more than in
13 Britain?

14 MR. McLAGAN: Yes.

15 MR. LOWREY: Yes, I think that is about
16 right, in other words, their costs are about two-
17 third of ours.

18 MR. McLAGAN: The steel is considerably
19 cheaper to the British ship builder, I think it
20 is about \$4.25 against \$3.75 over there.

21 MR. JACKSON: One thing I might remind Mr.
22 Mundell of is that the Canadian Maritime
23 Commission estimate which is quoted as the best
24 we could get at the time was made before the
25 devaluation of the pound, in other words, it
26 relates to a condition which is different to-day.

27 MR. MUNDELL: So there may be a greater
28 differential now?

29 MR. JACKSON: One would expect so, but we
30 have not attempted to say so.



1 MR. McLAGAN: The latest information we have
2 about the cost of steel in the United Kingdom at
3 the current rate of exchange is \$3.20 a hundred
4 pounds, whereas here it is \$4.70, f.o.b. mill in
5 both countries, so not only wages, but steel is
6 cheaper in both countries, and sometimes we offset
7 that by buying it over there if we can get it.

8 COMMISSIONER BELANGER: Mr. McLagan, would
9 you apply your estimates of cost differential to
10 any type of vessel? Take, for instance, the lakers,
11 I have read in many briefs that the lakers cost
12 less, so the cost differential for a laker will be
13 more than for a 10,000 ton vessel?

14 MR. McLAGAN: I think the smaller the ship
15 gets the less differential in cost, because more
16 labour is used and more steel, and the effect of
17 the machinery on a smaller ship is different, too.

18 MR. MUNDELL: There is one slightly verbal
19 problem, I think you said it would^{be} 50% more in
20 Canada and I believe the Maritime Commission says
21 the price in Britain is 50% less.

22 MR. McLAGAN: In my judgment it is 50% more
23 in Canada.

24 MR. MUNDELL: That makes it two-thirds the
25 figure that was mentioned?

26 MR. McLAGAN: Yes.

27 MR. MUNDELL: In connection with the ship
28 building industry Mr. McLagan mentioned that it
29 expands far beyond the shipyards into other
30 industries. I wonder if it is a fair question



1 to ask whether in those component industries that
2 is a specialized group or whether the techniques
3 are specialized in the shipyards. I was thinking
4 of the proposal put forward and being discussed
5 about a nucleus for a ship building industry,
6 would that expand beyond into other industries?

7 MR. McLAGAN: Yes, and that is witnessed by
8 the fact that the Canadian Government has set up
9 a turbine plant at John Inglis, a gear cutting
10 plant at Dominion Engineering in Montreal, and
11 have set up other plants for the building of
12 pumps, etc., and also, I cannot speak with author-
13 ity, but I believe they did give some assistance
14 to Westinghouse for the building of generators.
15 These firms that build here, of course, they build
16 other things than for ships, but the work of ship
17 building does sweep out into more industries than
18 any other manufactured product that I know of.

19 MR. MUNDELL: In the brief submitted, as
20 I understand it, the main or the only ground really
21 for the proposals you put forward is the defence
22 requirements of Canada. I believe Mr. McLagaa also
23 mentioned the desirability of what was called the
24 other day keeping an essential link in our trans-
25 portation system with Canadian controlled shipping.
26 Is that really relevant to the ship building
27 argument or could not that essentially be maintained
28 without Canadian ship yards by purchasing ships
29 abroad but require them to be Canadian owned
30 and operated?



1 MR. McLAGAN: Well, we have to have ship yards
2 to maintain and repair the fleet and, of course, if
3 it is not worth while the yards are going to dis-
4 appear. The repairs and maintenance are a very
5 serious problem and, as I say, the ships in a very
6 short season take a heavy beating and it is
7 disastrous, in the 225 or 250 days of the operating
8 season, if some of the ships stop through improper
9 maintenance.

10 MR. MUNDELL: Do you feel that unless there
11 is ship building there would be no ship repairing
12 facilities?

13 MR. McLAGAN: Well, that is the way I feel,
14 that if there is not something to supplement the
15 naval building and the repairing that we are going
16 to see many of the yards disappear and even if
17 ships are built in Britain and brought over here,
18 they still have to be repaired.

19 MR. MUNDELL: I was wondering if you felt
20 that if the ship building facilities went down
21 ship repairing facilities would disappear?

22 MR. McLAGAN: I feel they will in time.

23 THE CHAIRMAN: Are you calculating in the
24 estimate the fact that there will be in evidence
25 that if you require ships to be of Canadian
26 registry there will be a great increase in the
27 repair work done in Canada because there will be
28 a great increase in the number of ships which are
29 using Canadian coastal waters?

30 MR. McLAGAN: There is no doubt that what



1 you say is correct. You are saying if ships are
2 brought here from Britain and registered in Canada
3 and remain in Canada, it would mean more repair
4 work in Canada -- built there and brought here and
5 registered in Canada, is that it?

6 THE CHAIRMAN: Yes.

7 MR. MUNDELL: I believe that you said, Mr.
8 Jackson, that you were unable to give any firm or
9 precise idea of the extent to which the proposals
10 you put forward would meet the requirements in
11 maintaining ship yards here. It is a matter on
12 which you feel no firm estimate can be given?

13 MR. JACKSON: I would say this, in order to
14 make such an estimate one is obliged to lay down
15 certain hypotheses. If you will allow me to
16 formulate half a dozen hypotheses, or if will your-
17 self formulate half a dozen hypotheses and give me
18 the figures, some one in my office with a calculat-
19 ing machine will give you an arithmetical answer
20 very quickly. The trouble is to make the
21 hypotheses. What I should have perhaps said at
22 the end of my plea this morning but I felt I had
23 taken up too much of the Commission's time was this;
24 here is an enormously important question, would the
25 proposed remedies prove adequate to the all-
26 important need? Now, nobody can come up with a
27 calculated statement and say, "This is our figure
28 and you should accept it as true." We are all of
29 us bound to recognize the arbitrary nature of any
30 such hypotheses we may make for a particular



1 reason. I should like to say, sir, that we would
2 be delighted to sit down with the Commission and
3 examine this question and in no explosive spirit.
4 It seems to me there are a number of people in this
5 room who are interested in this question and the
6 answer to this important question, but we would
7 gladly sit down with the Commission and try to work
8 out an answer. However, we begin with the
9 proposition that any answer which we work out
10 would be simply the translation into figures of
11 agreed hypotheses. We will discuss the hypotheses,
12 we will give any assistance we possibly can, but at
13 the very best, you or whoever it may be, is going
14 to say that the hypotheses appear to be justified
15 and what answer can be given on the basis of that.
16 At this stage we could answer the question but not
17 before.

18 MR. MUNDELL: I do not know whether I can
19 attempt to lay down any hypotheses but I was wonder-
20 ing what you would think about this sort of an
21 approach; supposing I say there were 75,000 in the
22 ship building industry at the peak period in the
23 last war -- I think that is the figure -- and if
24 we take the one-twelfth dilution figure of the
25 United States American Commission and accept your
26 hypothesis that we would need a larger ship building
27 industry in the case of war, say we put it up to
28 100,000, would you say that taking that one-
29 twelfth figure, of course, the period of time
30 involved would vary, but taking that one-twelfth,



1 that would run around 8,000 just for the sake of
2 discussion, what would you say as to that figure as
3 a defence nucleus compared to the present 17,000
4 figure?

5
6 MR. JACKSON: I was responsible for putting in
7 the quotation from the United States Government and
8 before I rise on this I must say we gave that figure
9 to the Commission without necessarily endorsing it
10 in any way, because we know no figure which had been
11 produced objectively on the North American Continent
12 but that. The American Ship Building industry ---

13 MR. MUNDELL: May I add one other thing to
14 the hypothesis? I should have mentioned the Maritime
15 Commission estimate of 7,000 in that report of some
16 years ago.

17 MR. JACKSON: That I am familiar with, but I
18 merely mentioned the American figure because it was
19 quoted as an objective estimate but there was no
20 thought on our parts that the conditions were in
21 parallel between the two ship building industries
22 and between World War 2 and a possible World War 3
23 to make it possible for us to use twelve as a
24 multiple, and you will notice we did not apply the
25 twelve to our ratio. Now, when you face the
26 question of the kind of a nucleus Canada needs under
27 the circumstances of the 20th Century, I think this
28 is another time I have to throw the ball to Mr.
29 McLagan if he feels disposed to say.

30 MR. McLAGAN: Well, I do not know, I cannot
answer the question. I have firm ideas as to what



1 I think we should have of the property for which I
2 am responsible, but I think the figure which is
3 taken from the United States is not necessarily a
4 realistic one, it does not necessarily take in
5 what we might be called upon to do. It does not
6 say whether they are direct workers, whether it
7 involves technicians and office staff and so on and
8 so forth. If, for instance, we were to build
9 aircraft carriers, which we ought to be doing
10 instead of building them in Ireland, that figure
11 might be more than 12%. I think we will have to
12 sit down and try to satisfy you as to what the
13 dilution is and I do not think it can be done
14 to-day. While I am on my feet, Mr. Chairman,
15 could you repeat the question about repairs? Some
16 of my colleagues were not quite satisfied or did
17 not hear you.

18 THE CHAIRMAN: I was dealing with your state-
19 ment that the ship repairing industry and naval
20 construction added together were not sufficient
21 to maintain the ship yards in Canada and you would
22 need also ship building in order to maintain the
23 yards.

24 MR. McLAGAN: That is correct.

25 THE CHAIRMAN: Now, I say, are you making
26 that statement in view of the fact that the ship
27 repairing part of the work will inevitably be
28 larger, notwithstanding any change in policy, and
29 will have to be larger if there is a change in
30 policy to limit coasting trade to Canadian



1 registered, notwithstanding that they are foreign
2 built?

3 MR. McLAGAN: I do not think it will be
4 larger because we are merely going to replace one
5 kind of vessel with another. We will probably
6 build one ship and replace these canallers or
7 something like that.

8 THE CHAIRMAN: Then you say there is nothing
9 to the railways' fear that traffic will go down the
10 Great Lakes?

11 MR. McLAGAN: I would like to think that but
12 I am not so sure that is correct because we are
13 getting involved in a shipping problem. You
14 mentioned yesterday it is not quite clear there
15 is 40% of the grain coming out of Georgian Bay going
16 by rail to Montreal now, and if you take the 40%
17 by boat you have to create the facilities at
18 Montreal to unload it, which do not exist. I
19 sincerely hope conditions will change so it can all
20 go by ship, but I am not that optimistic.

21 THE CHAIRMAN: We intend to hear later about
22 the Montreal facilities, there are briefs filed
23 which will take more than a week to hear.

24 MR. McLAGAN: I think you will hear plenty
25 there about it.

26 THE CHAIRMAN: There is also, of course, the
27 possible, well more than possible, large carriage
28 trade in iron ore going up the lake from Seven
29 Islands.

30 MR. McLAGAN: But much of that is going to



1 go in American fleets and some of it, of course,
2 will take the place of ore moving from Minnesota
3 to Lake Erie ports.

4 THE CHAIRMAN: We cannot forget Steep Rock
5 in this either and you are going to have increasing
6 volume going into the lakes from Steep Rock.

7 MR. McLAGAN: I believe we are going to have
8 less units on the lakes but bigger ones, which will
9 bring down the costs, and that is what I said in
10 the verbal evidence this morning, that not only
11 would the canallers disappear but that the 10,000,
12 12,000, 15,000 ton ships will disappear.

13 THE CHAIRMAN: What is on the canal, some-
14 thing between 25,000 ---

15 MR. McLAGAN: Yes, 800 feet long, they won't
16 let us build a longer one but we may be able to
17 build it a little wider.

18 MR. MUNDELL: Then, to tie up the discussion
19 of a moment ago, you are unable to, accepting say
20 the nucleus suggested by the Canadian Maritime
21 Commission or the Americans was somewhere between
22 8,000 and 10,000 for a nucleus, you are not able
23 to give any precise estimate as to how your pro-
24 posals will -- whether they will meet that
25 requirement or exceed it or what they will do in
26 relation to it.

27 MR. JACKSON: Till we can proceed on agreed
28 hypotheses, I think the answer is no, sir.

29 MR. MUNDELL: What else would we have to
30 hypothesize besides the size of the nucleus?



1 We have the hypothesis, future building, I suppose?

2 MR. JACKSON: Yes, future building, and that
3 means hypothesizing future replacement demand for
4 ships and the rate at which the carrying capacity
5 of the fleet in the coasting trade will leap to
6 expand. It is what the late President Roosevelt
7 used to call -- the late President Roosevelt used
8 to go to his press conference each week and at a
9 certain stage he would say, "Is that not a rather
10 iffy question". I appreciate the members of the
11 Commission have no option at all but to ask
12 questions and I am not fencing with them and I
13 am sure Mr. McLagan is not fencing with them
14 either. However, nevertheless, the Commission
15 is, by reason of its terms of reference, you are
16 up against some terribly "iffy" questions. Now,
17 we will give all the help we possibly can but we
18 want to make it perfectly plain that we are
19 dealing with intentions.

20 MR. MUNDELL: Really then you cannot say
21 whether this programme would meet the difficulties
22 of Canada or, what relationship there is between
23 the two of them you do not know.

24 MR. McLAGAN: We do not know just what the
25 defence requirements are, the man hours involved
26 in these naval ships are going up all the time.

27 MR. LOWREY: Could I interject?

28 Mr. Mundell, in taking an hypothesis of say
29 100,000 and comparing it with peak employment in
30 the last war, you cannot do that unless you say



1 in what time we are going to reach the peak. If
2 you reach it in three years or one year your
3 dilution is less and we do not know the complexity
4 of the ships the Navy may want built in a future war
5 compared to the last war, so there are innumerable
6 questions arising.

7 MR. MUNDELL: I quite agree, I just wondered
8 if you had any information.

9 MR. McLAGAN: May I address a question to the
10 Chairman? My friend from British Columbia pointed
11 out that the repairing of ships in the waterway
12 does not do one thing for the repairing of ships
13 on the British Columbia coast.

14 THE CHAIRMAN: We will hear about that later,
15 I am sure.

16 MR. MUNDELL: I was going to come to this
17 question of the two coasts as well as the lakes.
18 Your programme is for the West Coast and East Coast
19 trade and the lakes. Would you recognize it as
20 possible that there may be differences in policies
21 that were adopted in relation to these three
22 regions or which, if it is necessary for all three
23 regions, there may be different interests on the
24 West Coast, for instance, than on the East Coast,
25 the policy might result in so much higher rates
26 than the Newfoundland trade^{that} it may not be justified
27 to have this policy there or on the lakes. Would
28 you agree to that being a possibility?

29 MR. McLAGAN: That is a mighty difficult
30 question, but there are ships to Newfoundland now



and up in the St. Lawrence we have been building our ships in Canada and we have been getting on all right, and I do not really see what difference there is between one coast and the other. It may be that Newfoundland came into the Confederation recently and have some long established customs which have to be treated in a different way, but eventually they will be part and parcel of this country.

THE CHAIRMAN: No, the point is there is no St. Lawrence Seaway between Newfoundland and the rest of Canada and, therefore, at the present time there is the competition in the trade between the mainland and Newfoundland, between the United Kingdom and Canadian operators. Now, there is not that in the Great Lakes with the exception of these small ships. By the completion of the Seaway you ought to rule it out in order to maintain a ship-building industry. Now, Mr. Mundell says if your proposition applies throughout Canada it would rule it out in the St. Lawrence, in the Gulf of St. Lawrence and Newfoundland trade and would, let us say for the sake of argument, inevitably increase very materially the costs of transportation to that part of Canada. Now, from that time on there may be a difference in the application of your principle, is that not the point?

MR. MUNDELL: Yes, my lord.

MR. McLAGAN: Well, I am unfamiliar with the trade of Newfoundland except I imagine as time goes



1 on we will be trading down there. I thought the
2 people of Newfoundland were Canadians.

3 THE CHAIRMAN: There are several established
4 lines but they are subject to competition with the
5 United Kingdom.

6 MR. McLAGAN: Is there any reason why men
7 trading back and forth between Newfoundland should
8 receive less wages than our Canadian people trading
9 back and forth? After all, we have a standard of
10 living in Canada, do they not get the baby bonus
11 in Newfoundland?

12 MR. MUNDELL: I take it the answer, correct
13 me if I am wrong, that you really have not studied
14 the policy in relation to the Newfoundland trade?

15 MR. McLAGAN: I have not, no.

16 MR. JACKSON: May I add we are aware of the
17 Commission's terms of reference and the Commission
18 must face these questions, but when we are asked
19 whether we are sure that the two requests which we
20 make will insure the survival of a shipbuilding
21 industry, we say to you, frankly we must make this
22 an act of faith, because it cannot be calculated
23 precisely in advance. Then you ask us whether,
24 supposing the Commission did make a recommendation
25 to the Government of Canada that certain exceptions
26 be made in regard to certain items in our coasting
27 trade, then you turn to Mr. McLagan or any other
28 representative of the Canadian shipbuilding
29 industry and ask what damage would be suffered
30 thereby. That is another of those things that



cannot be estimated in advance.

1 MR. MUNDELL: There is this difference in
2 this case, that it can be estimated quite possibly
3 that the rates to Newfoundland might go up,
4 whereas the benefit might be problematical. You
5 cannot estimate the national benefit but you can
6 estimate the price goes up.

7 THE CHAIRMAN: Mr. Jackson, you started your
8 submission with a statement that you wanted to make
9 it perfectly plain that costs in the Great Lakes
10 would go down, whether your statement was accepted
11 or not. Now, if your statement is accepted is it
12 not inevitable that costs in Newfoundland will go up?
13 It is a simple matter of competition and I am old
14 fashioned enough an economist to believe that it
15 does affect the price.

16 MR. JACKSON: I think there is a distinction
17 here that has not been drawn. When I say it is
18 perfectly certain that the costs of traffic on the
19 St. Lawrence Waterway will go down, I am concluding
20 that when we can send 20,000 ton freighters through
21 the Canals through or past Montreal to take the
22 place of the canallers which now go up and down
23 or to some extent perhaps in the -- there is no
24 doubt that handling the traffic down the St.
25 Lawrence on a large scale is going to lower the cost
26 of shipping our wheat to market, for instance,
27 irrespective of what decision the Government of
28 Canada make about the coasting trade. Furthermore,
29 as regards goods which are moving into export
30 markets from Canada, the wheat that is in the



1 elevator at Fort William, it is finding its way
2 to Southampton or Liverpool, a competition is
3 going to be there anyway, for the simple reason that
4 since the St. Lawrence Canals have been deepened
5 the large ocean freighter can come up and quote
6 what rates it likes to carry Canadian wheat over-
7 seas from Fort William to the destination across
8 the ocean.

9 THE CHAIRMAN: Pardon me, I am not contesting
10 your statement that costs in the Great Lakes are
11 going to go down as a result of the seaway, that
12 was the purpose of building it, that is why Canada
13 as a whole and a very great part of Canada west
14 of the Great Lakes has been trying to get it built.
15 What I am saying is, that statement must be confined
16 to the Great Lakes carriage and the St. Lawrence
17 River through to Europe if your proposal is
18 accepted, because your proposal will give it the
19 competition of Newfoundland carriage which keeps
20 the cost in Newfoundland down and the building of
21 the Great Lakes Seaway has very little to do
22 with it. It is simply a case that one group of men
23 will have the opportunity to carry on the trade
24 where now two groups have an opportunity to
25 carry on.

26 MR. JACKSON: With very great respect, Mr.
27 Chairman, I am not sure whether we are quite fair
28 to the people concerned if we talk about them as
29 groups of men. The Canadian companies in the
30 coasting trade are not a group of people who have



1 a pattern of fixed rates, there are a number of
2 people who compete with other ---

3 THE CHAIRMAN: That will be the subject of
4 some comment when we reach Newfoundland.

5 MR. JACKSON: We shall welcome the comment,
6 we make the statement that we pick up business
7 where we can.

8 THE CHAIRMAN: When you say "we", who is the
9 "we" there?

10 MR. McLAGAN: The Canadian Ship Owners, now,
11 I imagine.

12 MR. JACKSON: I think perhaps "we" was out of
13 place, I am sorry to have used that expression. I
14 would, however, recall to memory, Mr. Chairman,
15 that in your question to me you said something
16 about rates on the Great Lakes are going to go down,
17 and I hope I have not misunderstood. Therefore,
18 correspondingly, the rates in the Newfoundland trade
19 will go up. May I ask to have that question read
20 back?

21 THE CHAIRMAN: You and I seem to agree it is
22 inevitable the cost of carrying commodities and
23 particularly commodities in bulk from, say, Winnipeg,
24 are going to go down. But I say to you, if your
25 proposal is accepted and becomes law, the elimina-
26 tion of United Kingdom ships from Canadian coasting
27 trade, then is it not inevitable that rates to
28 Newfoundland will go up, because the group of
29 competitors in the trade are being ruled out?

30 MR. JACKSON: May I suggest to you, with the



1 very greatest of respect, that that is not
2 necessarily going to be the case. I would merely
3 like to go on record now that we cannot assume that
4 will be the case.

5 MR. McLAGAN: If the rates go down through
6 the Great Lakes then those who are trading to
7 Newfoundland now should enjoy the same kind of
8 reduction. We are not carrying goods from the
9 Head of the Lakes through Canadian ships to
10 Newfoundland.

11 THE CHAIRMAN: Not as cheaply as they are
12 carried in the United Kingdom now.

13 MR. McLAGAN: I am not so sure, I think we
14 will get the efficiency of the lake carriers down
15 to the Gulf of St. Lawrence -- we might have a
16 surprise.

17 THE CHAIRMAN: How far are they going -- how
18 far east are they going?

19 MR. McLAGAN: You are talking about two
20 different ships, the lakers will go to Seven Islands
21 but other ships, freighters, will go down to
22 Newfoundland, they are going there now. You have
23 going to Newfoundland to-day in Canadian owned
24 boats -- all these are Canadian owned and they
25 make the service.

26 THE CHAIRMAN: They are not all Canadian
27 built?

28 MR. McLAGAN: We get bargains.

29 THE CHAIRMAN: From the other United Kingdom
30 lines?



1 MR. MUNDELL: As I understand your answer
2 to his lordship, you are not prepared to assume
3 that the rates to Newfoundland would go up?

4 MR. JACKSON: We are not denying anything
5 but we do not assume the rates will go up.

6 COMMISSIONER WICKWIRE: It is just like Mr.
7 George Gershwin's "It ain't necessarily so".

8 MR. JACKSON: Yes, sir.

9 MR. MUNDELL: Then, you have proposed as a
10 ship building industry, you have proposed the
11 trade be reserved to ships registered in Canada
12 on the ground that the maintenance of the ship
13 building industry is necessary; would there not be
14 as an alternative for the ship building industry,
15 would not subsidy, say a construction subsidy,
16 exactly meet the same difficulty? Why would you
17 select this as opposed to a subsidy?

18 MR. McLAGAN: I can answer that, coming up
19 to Ottawa every week for the last ten years, the
20 word "subsidy" is not one that gets you entrance
21 into the Minister's office.

22 MR. MUNDELL: Would it be fair to say that
23 this policy you think may be more acceptable to the
24 Government than a subsidy policy?

25 MR. McLAGAN: No, I would like to put this
26 forth, I have to get back into ship owning again,
27 if this law is not changed and the Seaway, of course,
28 is the necessity for the change, if this law is
29 not changed you are going to have Englishmen
30 sailing up and down our continent, there is nothing



1 to stop us from transferring our ships to the
2 British flag and employing British seamen. If we
3 have a lot of people trading up and down this
4 country at substandard wages the industrial chaos
5 that is going to ensue is going to be indescribable.
6 We have Mr. Bruce here and he will tell you what
7 will happen. It has not happened to date because
8 we have so very few ships, although, last year
9 you witnessed the strike of British ships trading
10 in our waters. If the law is not changed we can
11 change our registry ---

12 THE CHAIRMAN: You are now speaking as a
13 ship owner and I would prefer to have that left
14 until to-morrow because there will be questions
15 addressed to you as a ship owner. Do not let us
16 confuse ourselves when we are dealing to-day with
17 ship builders.

18 MR. MUNDELL: I think I phrased my question
19 saying subject -- speaking from the point of view
20 of the ship building industry, not as a ship
21 operator or ship owner. Would not a subsidy
22 meet the difficulties of the ship builder equally
23 as well as this policy? The next question was,
24 was one of the reasons it was put forward because
25 it would be more acceptable than the subsidy?

26 MR. McLAGAN: It is also in accordance with
27 the North American practice, the United States.

28 MR. MUNDELL: The United States seeks to
29 have a policy of practice and have also subsidies.

30 MR. McLAGAN: No, the coasting law has been



1 in effect since 1917 and we are trading in waters
2 back and forth, they have the coastwise laws which
3 prevent going to American shores, trading on their
4 coasts, they can with the permission of our
5 Minister of Transport dump their ships into our
6 waters but we cannot dump our ships into their
7 waters, it is against the law.

8 MR. MUNDELL: I am afraid I am not making
9 myself clear. I am suggesting you could meet the
10 difficulty by a subsidy, you could meet it this
11 way, why do you choose this way as opposed to a
12 subsidy? I think your answer was that subsidies
13 were not popular with the Government.

14 MR. McLAGAN: I am sure it is not practical,
15 but you bring the coasting laws into line with those
16 of the United States, as we are trading back and
17 forth together it seems logical to do so. For
18 instance, take the question when the Seven Islands
19 ore comes into being the Canadian ships will have
20 competition with British ships but Canadians cannot
21 go over and trade in the American waters.

22 MR. MUNDELL: Well, if it were subsidized
23 the inevitable cost would come out of the treasury
24 and be covered by the whole country rather than
25 being imposed only on the user.

26 MR. EDWARD SIMARD: I do believe that the
27 job that the ship yard has got to do, although
28 mostly for national defence, but it is trying to
29 fill two purposes at the same time, the ships
30 are needed for national defence and also the



ship building industry is needed in this country.

1 I think that the Canadian Government should have its
2 own ships for the different departments to be built
3 in the Canadian ship yards and the national defence
4 programme to have their ships built in Canadian
5 ship yards. I do believe that the Dominion
6 Government up to now is satisfied with it. Now,
7 we want the coasting trade to be reserved to
8 Canadian built ships because the occasion is unique
9 in our life when it costs nobody anything. What
10 will happen when you will open the door of the locks
11 at Montreal for the Seaway? You will open up
12 shipping there to the United Kingdom fleet in 1200
13 miles of deep sea navigation which we do half of
14 our carriage, to carry goods to our Dominion from
15 the mother country away up to the top of the lake.
16 Now, we are asking for that consideration where we
17 need in Canada that the coastal trade be reserved
18 to the Canadian built ship and that will not affect
19 the rate of freight from the top of the lake down
20 to Montreal. For instance, when you talk about
21 these ships that carry 2500 tons going through the
22 canals, it is logical to believe that when you have
23 ships capable of carrying 25,000 tons instead of
24 2500 tons that the cost of operation of the 25,000
25 ton ship will not be ten times the cost of
26 operating the 2500 ton ship. That will be a fact
27 as well that will reduce the actual cost of
28 transporting the freight down to Montreal; it will
29 reduce the cost of the grain to Great Britain and
30



1 it will enable her ships to go away above. When
2 we come to open the locks at Montreal they are
3 going to have that 1200 miles. We ask for that
4 consideration, that the coastal trade be reserved
5 to Canadian built ships. We do not ask any sub-
6 sidy, I think it would be unfair, but this is the
7 way where we can have that which is a necessity
8 for the survival of our ship building industry and
9 we can have that in a policy where ^{we} are penalizing
10 nobody. It is a consideration to the greater
11 facility that we provide for the world at large,
12 but especially the United Kingdom, in having our
13 facilities that we have at the cost of the Canadian
14 citizen, hundreds and hundreds of millions. That
15 is why we do not want to use the word "subsidy".
16 Our people are already waterlogged with help, help,
17 help and consideration from this Government and
18 we do not want to kill them.

19 MR. MUNDELL: Is this policy premised on the
20 fact that it will cost nobody anything?

21 MR. O.H. BARRETT: I think it has been made
22 quite clear as to what the proposition is. It was
23 stated that the closure of the ports, Canadian
24 ports, so the coasting trade would be reserved to
25 Canadian built and Canadian registered ships would
26 not cost the taxpayers anything. I think that is
27 what was said in the brief. Surely the answer to
28 the question is pointed out in our brief and is
29 simply this, that it is based on the amount of
30 business that can be obtained for Canadian ship



1 yards than, shall we say, Government programmes.
2 The ship builders do not feel, and we have attempted
3 to pick that up by certain data in our brief, that
4 it will help the industry to live to the extent
5 that it would be necessary to build ships and
6 register them in Canada by virtue of the change
7 in the coasting laws which would give us that much
8 greater opportunity and the amount of shipping that
9 would be denied British ships on that account, the
10 majority of which is to carry international cargo
11 from Europe to this country and back from this
12 country to Europe. We are only talking about
13 trade which would develop in our coasting trade
14 itself. That is pointed out and I think Mr.
15 Jackson made that quite clear at the beginning
16 of this session that that would not increase.
17 Obviously, if our computations are correct,
18 certainly by experience, it has not increased
19 with the increase of the gross national product.
20 I think that is the answer, it would give us more
21 than we have to live.

22 MR. MUNDELL: I have good authority to ---

23 MR. BARRETT: It is quite possible if the
24 coasting laws were changed that we may find that
25 the replacement tonnage that is required in our
26 coasting trade, Canadian built and registered
27 ships, might enable us to maintain the kind of
28 efficiency that would be necessary to meet a
29 national emergency should the urgency and the
30 circumstances of the factors develop that have



1 been described as salvages this morning, which we
2 do not know particularly at the moment. That
3 depends on what the enemy might decide to do in
4 part.

5 MR. MUNDELL: I would like to put it this way,
6 firstly, could these lakers and coastal trade
7 vessels, could they be built in the United Kingdom
8 and brought out here?

9 MR. LOWREY: I had better have the question
10 again.

11 MR. MUNDELL: Could the replacement tonnage
12 for the upper lakes and canallers and for coastal
13 trading generally, could these vessels be built in
14 the United Kingdom and brought out here?

15 MR. LOWREY: Yes.

16 MR. MUNDELL: Would they cost less if they
17 were brought out that way?

18 MR. LOWREY: Yes.

19 MR. MUNDELL: Would the competition of the
20 Great Lakes result in a greater fall in freight
21 rates than if they cost more?

22 MR. LOWREY: Yes.

23 MR. MUNDELL: And will that not have to be
24 paid by the users if the freight rates are higher
25 and the operator is making no more profit, it is
26 an extra cost?

27 MR. LOWREY: If your question is, could
28 British built vessels operate in the trade and be
29 designed similarly to ours and could ultimately
30 be operated more cheaply, the answer is yes.



1 MR. MUNDELL: And to the extent that our
2 costs of operation are up, that is not the activity
3 by maintaining higher cost industries, that is being
4 paid by the man using the shipping facilities?

5 MR. LOWREY: It is, yes, but some ways it
6 could be taken to be accepting less profit and the
7 effect of the initial capital cost is the type of
8 factor.

9 MR. MUNDELL: So this business of maintaining
10 the restrictions you suggest would increase the cost
11 to shippers?

12 MR. LOWREY: It could, yes.

13 MR. MUNDELL: Well, it would not be right
14 to say it does not cost anybody anything?

15 MR. McLAGAN: Well, it will cost something.

16 MR. LOWREY: I think when we talk about not
17 costing anybody anything, I am not clear just what
18 is meant by that myself, but I believe that the
19 statement which has been made is growing a bit,
20 but I think the statement you made was if this is
21 done, if the coast is restricted, then the cost
22 of transportation from the Head of the Lakes
23 overseas or to Montreal will be reduced over what
24 it is to-day?

25 MR. MUNDELL: At present conditions by five
26 cents.

27 MR. LOWREY: Some figure conceivably, it
28 could still be further reduced by the use of foreign
29 built ships.

30 MR. MUNDELL: That is the answer to my



question.

1
2 MR. LOWREY: Conceivably, but not necessarily,
3 because tied up with our operation is Canadian
4 registry as well as Canadian building and Canadian
5 ownership. However, I feel that this is not the
6 time to develop the operation of the ships since
7 this is a ship building brief.

8 MR. MUNDELL: The only point I am making is,
9 if maintaining the ship yards will increase the
10 cost of operation or prevent it from being decreased
11 as much as it otherwise might be, that cost is
12 being borne, the cost of maintaining the ship yards
13 is being borne by the industry.

14 MR. LOWREY: There are certain factors.

15 MR. MUNDELL: On page 11 of your brief ---

16 MR. JACKSON: May I be permitted, before
17 you go on?

18 MR. MUNDELL: I am dealing with the same
19 point, you say on page 11, two-thirds of the way
20 down the page:

21 "We believe that the surest and least

22 "expensive method of maintaining at all

23 "times in Canada, ship yards capable of

24 "swift expansion, is to reserve the

25 "country's coasting trade to vessels

26 "registered and built in Canada."

27 Now, that is not tied to the taxpayer though
28 some of the other statements are, but it is said
29 this is the least expensive way of doing it and I
30 was wondering if you could explain?



1 MR. JACKSON: I will try, but may I say first
2 that I feel most unhappy about the question which
3 led to this discussion. We have been proposing a
4 quite appreciable lowering in the cost of carrying
5 goods in Canada's coasting trade and that will be
6 to the benefit of most, if not all Canadians. The
7 cost of carrying goods by water in our coasting
8 trade is going down. We now ask whether the cost
9 of keeping an efficient ship building industry of
10 appropriate size in Canada would be best dis-
11 tributed over all the taxpayers or thrown on the
12 people who use Canadian coasting vessels. But, if
13 freight charges are going down per ton mile, in-
14 evitably as a result of totality of charges, I
15 submit there is no occasion and it is a little
16 dangerous for us to talk of something as a cost
17 where there is a possibility that somebody might
18 have freight charges reduced by X minus Y percent
19 instead of say X percent. The possibility has
20 been brought out by you, Mr. Chairman, that maybe
21 the restriction of the Canadian coasting trade may
22 raise costs to some, Newfoundland, and we have
23 argued to treat that as an open question because we
24 do not admit now that it would raise the cost to
25 Newfoundland. That is for subsequent examination
26 but when fifteen months later we find ourselves
27 that a cost is going to be thrown on to the
28 Canadian shippers if it is not spread over all the
29 taxpayers, with very great respect, it seems to me
30 to be a straining of the word "cost".



1 THE CHAIRMAN: Well, Mr. Mundell will amend
2 it by saying a smaller saving.

3 MR. MUNDELL: Well, it comes down to this,
4 if the ship yards -- this is all, of course, just
5 for the sake of illustrating your brief, but what
6 I am coming at is this, would not the same result
7 be achieved by a subsidy as is achieved by the
8 proposals put forward by you. The subsidy would
9 be more direct, possibly more fair, because it
10 will be right across the country, than is achieved
11 by this way?

12 THE CHAIRMAN: Mr. Simard gave an answer,
13 and that is that the taxpayer now pay for the
14 construction of special ships for special uses in
15 various departments and have contributed enough
16 from the general purse and there should be some
17 contribution from the shipper.

18 MR. MUNDELL: As I understand it -- correct
19 me if I am wrong -- I thought Mr. Simard said there
20 would be no cost.

21 THE CHAIRMAN: Nonetheless, I think you have
22 illustrated there is an indirect cost. You cannot
23 fasten that to one person and say that person is
24 a shipper who shall sweep back all the costs all
25 the way through. There is an element of
26 depreciation.

27 MR. SIMARD: What is the meaning of the
28 word "cost"?

29 MR. McLAGAN: What kind of -- what about
30 operating subsidy?



1 THE CHAIRMAN: You are speaking with two
2 tongues.

3 MR. McLAGAN: That is the important one, Mr.
4 Chairman.

5 MR. MUNDELL: I do not know that we have not
6 threshed this straw enough. I would like to clear
7 up what I was trying to get at. This is a brief
8 in which the shipbuilding industry put forth a
9 claim for assistance or protection or consideration
10 on the basis solely of defence. Now then, should
11 it not be treated as a defence cost and be spread
12 widely, and I just asked why you asked it this way
13 instead of the other way.

14 MR. SIMARD: Well, you must excuse me, I
15 make an effort to speak English so I will be under-
16 stood, but what I mean is cost, no greater added
17 cost to the Canadian Government.

18 MR. LOWREY: I would just like to speak for
19 two moments on the question of subsidy. You say we
20 must speak as ship builders and not ship owners
21 and I would say unless you define what you mean by
22 "subsidy" we cannot answer the question because if
23 we get a construction subsidy we still might get
24 no ships to build because the operator would not
25 be able to operate the ships unless he had an
26 operating subsidy. The two matters are inter-
27 twined.

28 MR. MUNDELL: That is the sort of considera-
29 tion I had in mind.

30 MR. JACKSON: We build ships for the ship



owners, that is the unfortunate state of affairs.

1 MR. MUNDELL: Well, it would really come
2 to be -- I suppose it is a matter for consideration
3 on the ship operators' submissions that if he got
4 his shipping at non-premium cost could he then
5 operate. That would reflect back.

6 MR. JACKSON: And against the British built.

7 MR. LOWREY: And I think, Mr. Mundell,
8 without trying to labour the matter that it has
9 already been shown in our brief when you asked
10 what was the differential in cost that any sort
11 of subsidy would certainly be a most difficult
12 thing of application whereas our brief is some-
13 thing which is very simple.

14 MR. MUNDELL: It is really self-administered?

15 MR. LOWREY: Yes.

16 MR. MUNDELL: I think that is all I have,
17 my lord.

18 MR. JACKSON: Before we are dismissed, Mr.
19 Chairman, there was one expression of Mr. Mundell's
20 when he said that this was based on defence con-
21 sideration entirely. We believe it is of such
22 overwhelming importance that if we do nothing else
23 but that we would still go forward in the con-
24 fidence of the good people of Canada in that
25 regard. But, there is a point which is made in
26 our brief on page 22 and a point which has already
27 been made by Mr. McLagan, that our coastal shipping
28 fleet is a part of the entire production apparatus
29 of Canada and that the presence of an amount of
30



1 tonnage at all times in our coasting trade is a
2 vital thing to every Canadian consumer and to
3 every Canadian producer in every industry which
4 uses the service of transportation.

5 THE CHAIRMAN: Availability is an important
6 argument.

7 MR. JACKSON: The point is made in those
8 few words, availability is an important argument.
9 I would like to leave on the record the fact that
10 we have available here when the coasting trade is
11 restricted to certainly all the tonnage Canada
12 requires, we do not have that certainly if our
13 Canadian coastal tonnage disappears.

14 MR. MUNDELL: The only thing I would say
15 there is, is that not a ship operating argument
16 again rather than a ship builder's?

17 MR. JACKSON: Well, again, we build for ship
18 operators, it is impossible to conduct this
19 argument -- I am not trying to be flippant -- as
20 if the ship builders lived on one plane and the
21 ship operators lived on another plane in another
22 universe.

23 MR. MUNDELL: Well, I have made my sug-
24 gestion.

25 THE CHAIRMAN: Now, there is one matter
26 of political philosophy which I feel we are going
27 to have to consider. As Mr. Jackson has pointed
28 out, the alternative or the additional basis
29 for the confining of this coastal trade, he
30 stressed the importance of the defence argument.



Now, in the course of Mr. Jackson's submission he referred to the pronouncement by Lord Russell and I have always wondered whether the progress of our sciences to-day has not succeeded in making war so horrible and beyond contemplation for the whole world that the importance of war preparations on the civilian side, I emphasize the civilian side, is perhaps minimized. Is the danger of a third world war lessening because of any sane thinking person being convinced that a third world war will end by elimination of us all, the victors as well as the vanquished? Now, under those circumstances I am inclined to believe that the other advantages stressed in today's presentation and some of the others of having a Canadian merchant fleet available to carry Canada's goods in Canada and throughout the world, uncontrolled by such things as war in other places in the world, is becoming more and more important. Now, what is your thought?

MR. JACKSON: I would say if Bertrand Russell agreed with that, that manifesto would never have been published by the nine scientists last week-end. We have the view of nine men of very great eminence in a very little understood field of knowledge that the danger of war is appalling at the present time. They doubtless would, all nine of them, be just as enthusiastic as all of us here that war is a foolish activity, nevertheless, the danger of war is falling behind.



1 Their agreeance to put their manifesto before the
2 world is the fact that the Communist religion --
3 for it is a religion -- dedicates the Communist
4 to a destruction of freedom and nothing less than
5 the destruction of freedom will comply with the
6 requirements of his religion. Here is a thing
7 that was understood by the Vatican before it was
8 understood by any secular board but it is becoming
9 to be understood by many more secular boards. We
10 have the world-wide alliance called NATO, built
11 up at incredible cost by the people of the world
12 because most of us realize that the danger of war,
13 absurd as it now looks, is perhaps more terrible
14 than it ever has been. Nobody would propose
15 because we can do a lot of things with public
16 money in Canada that are not being done now,
17 nobody would propose that we should economize on
18 our Air Force or economize on the Royal Canadian
19 Navy or break up NATO because we do not regard war
20 as sensible.

21 THE CHAIRMAN: I emphasized the words "on
22 the civilian side" because it is of the essence
23 that the free countries should be as efficient as
24 they can possibly make themselves in making the
25 war, if it did occur, so horrible that not only
26 could they not contemplate it but ---

27 MR. JACKSON: That is one thing we must do
28 but all war now is total war, and war on our part
29 without an England in being, without a France in
30 being, might be an inevitable last war. So far



1 as Canadians are concerned it is a case of all the
2 free peoples remaining active if the free peoples
3 are going to survive. I am thinking now not of
4 a mercantile marine being necessary to the people
5 of Canada; the mercantile marine of the capacity
6 to replace merchant ships in war time is as much
7 of an element in the defence in the third world war
8 as our air squadrons in the north and our radar
9 stations and for us to contemplate the possibility
10 of a war in which we have not insured our capacity
11 to perform our share in replacing tonnage destined
12 to be lost on the high seas would be for us to
13 fail in this very crucial sector to take seriously
14 what we have taken seriously in every other sector.
15 The capacity to build ships is in war time as much
16 a part of our defence as the capacity to maintain
17 a radar screen or anti-aircraft batteries. Surely
18 you must say that there will not be a war because
19 everybody will recognize that war is ridiculous
20 or, if you are going down the road with our states-
21 man and the statesman of all our allies and the
22 leading scientists in the world, then you are
23 obliged to say that our preparations must include
24 everything which is essential to the survival of
25 the free world and among that you must include
26 shipbuilding, the shipbuilding industry is as
27 essential as anything else. We could say that
28 we will wash our hands of this, leave it to the
29 ship yards of the United States and, how proud
30 as Canadians would our children feel if we did



1 that?

2 THE CHAIRMAN: Now, Mr. McLagan, I am
3 concerned with a statement which Mr. Lowrey made,
4 perhaps Mr. Lowrey could best answer it. You are
5 referring to the big lakers which you were saying,
6 as I understand, would be the ship on the Great
7 Lakes, and Mr. Lowrey was of the opinion that ship
8 could be built in England, sailed across and run
9 in Canada. I am referring only to the building,
10 not the operating at this time. Is it not so that
11 that ship merely to come across to Canada would
12 have to be built with alterations, structural
13 alterations which would decrease its efficiency
14 as a laker?

15 MR. LOWREY: No, that would not be so, you
16 could get special permission to sail across for a
17 single voyage under special conditions. There are
18 ships sailing the Great Lakes to-day that were built
19 in Great Britain.

20 THE CHAIRMAN: Oh, yes, but they are not
21 the efficient lakers that are the cream of the
22 trade and doing the most profitable job to-day.

23 MR. LOWREY: No, but the principle is the
24 same, I would feel quite sure that you can build
25 these large vessels in Britain and get permission
26 to bring them across the Atlantic.

27 THE CHAIRMAN: Could they get across the
28 Atlantic without being broken in two?

29 MR. LOWREY: There would be an element of
30 danger there.



1 THE CHAIRMAN: Do you think it is an element
2 of danger which would be a commercial chance that
3 people would take?

4 MR. LOWREY: Yes, definitely.

5 THE CHAIRMAN: And once here these ships
6 could compete as efficiently operating units with
7 those built in Canadian ship yards?

8 MR. LOWREY: I would think you could not
9 tell them apart. At the very worst, I would
10 suggest they could be built in Britain 100 feet
11 shorter and be launched over there. Actually, it
12 is the length to the depth which is the major dis-
13 advantage and that would conceivably give it
14 enough, being cheaper than being built over
15 here.

16 THE CHAIRMAN: I am thinking of one sub-
17 mission made in a brief, you are of the opinion
18 that is ill-conceived?

19 MR. LOWREY: I am not sure what the opinion
20 was.

21 THE CHAIRMAN: The opinion was they could
22 not be built.

23 MR. LOWREY: I would think they could.

24 THE CHAIRMAN: Is there anything else?

25 COMMISSIONER WICKWIRE: I wonder, Mr.
26 McLagan, for my benefit would you expand a little
27 bit on the statement you made that the Canadian
28 shipbuilding industry has given a lot of work to
29 the United Kingdom?

30 MR. McLAGAN: Yes, any time we have received



1 orders for merchant ships we have placed substantial
2 orders in the United Kingdom for components which
3 are not built in Canada and which are bought cheaper
4 over there than in the United States, such as main
5 engines and engine room accessories, generators,
6 pumps, winches, capstans, etc.

7 COMMISSIONER WICKWIRE: But if any of these
8 components were available in Canada you would buy
9 the Canadian component rather than the British?

10 MR. McLAGAN: It is only recently the
11 Canadian Government has set up the means for
12 making these things. For instance, they have set
13 up a turbine plant to build turbines for the Navy
14 and we bought from John Inglis a new turbine the
15 other day, we have bought a number of turbines
16 from John Inglis already.

17 COMMISSIONER WICKWIRE: But does your
18 industry buy components in Britain notwithstanding
19 that there are similar components available in
20 Canada because they are cheaper in Britain?

21 MR. McLAGAN: Some people do but generally
22 you buy them because you cannot get them here.

23 COMMISSIONER WICKWIRE: I was wondering to
24 what extent, if any, the Canadian shipbuilding
25 was buying component parts in Britain because they
26 were cheaper?

27 MR. McLAGAN: Well, do not attack the ship
28 builder because he did that, because the ship
29 builder was competing with somebody else and in
30 order to get some work into his yards he had to



1 save every nickel he could. You may be interested
2 to know we could not get steel.

3 COMMISSIONER WICKWIRE: I am looking for
4 information, I do not mean it as a complaint. I
5 am wondering why a ship owner who is looking for a
6 new ship and has to save every nickel would not
7 apply the same thing to the whole ship as to the
8 component parts.

9 MR. McLAGAN: Well, he will, if the coast-
10 wise laws are not changed he will certainly go to
11 Great Britain and the ship yards here will die.

12 COMMISSIONER WICKWIRE: What, if any, work
13 of an emergency nature has been done on the small
14 British freighters that have been put into the
15 lakes by Canadian shipyards?

16 MR. McLAGAN: Oh, very little, none of the
17 foreign ships will repair here if they can possibly
18 get home. They even raised a Scandinavian ship
19 from the Gulf of St. Lawrence and towed it home.

20 COMMISSIONER WICKWIRE: It has been negligible
21 then, any work the ship yards have had?

22 MR. McLAGAN: I think they are given specific
23 orders not to repair here.

24 COMMISSIONER WICKWIRE: If it is humanly
25 possible to get back home?

26 MR. McLAGAN: Yes, they are looking after
27 themselves and we want some one to help us look
28 after ourselves.

29 COMMISSIONER WICKWIRE: I appreciate that
30 and I think perhaps the ship owners would take the



1 same view as far as they could.

2 MR. McLAGAN: Well, I am a ship owner and
3 as the Chairman said, when we get to Montreal we
4 can discuss it then.

5 COMMISSIONER BELANGER: I would like to ask
6 Mr. Jackson a question, perhaps he cannot answer
7 it, but we hear one of the main arguments for
8 maintaining the status quo is the dollar earning
9 by Britain. I know that you refer to that in
10 your brief, but do you have any exact figures on
11 the dollar earning by Britain from coastal shipping
12 in Canada? Is it possible to get such a figure?

13 MR. JACKSON: I think you would have to go
14 to the British ship owners. We are in the coasting
15 trade and it may be a pretty laborious business
16 even if you could get the information from them
17 because it would be a case of adding up the
18 earnings of individual ships. It is not a very
19 large amount of British shipping in the coasting
20 trade but it does belong to a certain number of
21 owners and to get a factual figure would be very
22 difficult. I have no doubt you could get the
23 figures from the books of the Bank of England if
24 you could get to it, but there is a very thick
25 wall between you and those books.

26 COMMISSIONER BELANGER: So you do not have
27 any idea of the magnitude?

28 MR. JACKSON: Excepting that it is very
29 small relatively. There can be no possible doubt
30 that dollar earnings of the United Kingdom ships



1 in our coasting trade at the present time are a
2 trifle in the total.

3 COMMISSIONER BELANGER: Thank you.

4 THE CHAIRMAN: We will adjourn now until
5 2.30, and I think, gentlemen, during the course of
6 this week you can count on adjourning from 1.00
7 o'clock to 2.30 for lunch.

8 ---Whereupon the hearing adjourned at 1.00 p.m.
9 until 2.30 p.m.

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13 1 ---Upon resuming at 2.30 P.M.:

2 THE CHAIRMAN: The Canadian Shipowners Assoc-
3 iation.

4
5 SUBMISSION OF THE CANADIAN SHIPOWNERS ASSOCIA-
6 TION

7 MR. J.W. FISHER (Manager CASA): Mr. Chairman,
8 members. The submission filed by the Canadian Ship-
9 owners Association can be briefly summarized as fol-
10 lows. Any revision of or change in the existing
11 laws or regulations governing the coasting trade of
12 Canada could cause serious embarrassment to the seg-
13 ment of the Canadian shipping industry represented
14 by this Association. Quite apart from this impor-
15 tant fact we feel that additional protectionist
16 measures are not in the national interest.

17 It is the considered opinion of this Associa-
18 tion that any such additional protectionist measures
19 would tend to create monopolistic conditions and
20 perpetuate a high cost factor, which, in the long
21 term, would defeat the purpose of such measures.

22 The Association contends that the maintenance
23 of sufficient Canadian-controlled and -operated and
24 their attendant shipbuilding and ship repairing
25 facilities, adequate to ensure that water-borne
26 transportation services to, from and within Canada
27 cannot be exploited to the advantage of foreign
28 competitors for Canadian overseas and domestic
29 trade and which will be available in times of emer-
30 gency (when non-Canadian services may not be) is a



1 national responsibility, the costs of which should be
2 borne by the nation as a whole and not by any particu-
3 lar section of the country, nor made an enforced bur-
4 den on users.

5 The Association's submission directs the Com-
6 mission's attention to certain provisions of the
7 Transport Act, which, it is considered, are inimical
8 to the full development of Canadian Coasting Trade.
9 Since this submission was prepared and filed, Parlia-
10 ment has enacted certain amendments to Part IV of
11 this Act which removes one of the disabilities under
12 which the coasting shipping industry has suffered.
13 However, in the hands of such powerful competitors
14 as the two national railways, the method of agreed
15 charges can still be a most potent weapon to drive
16 competitive transportation services out of business.
17 We suggest that this is not in the national interest.

18 Our difficulties with Parts I and II of the
19 Transport Act stems from a need to establish "neces-
20 sity". This is extremely difficult to prove before
21 a board and is, in our opinion, a limiting factor
22 in the full development of coastal shipping ser-
23 vices when they would be in competition with already
24 establish interests, either in the same or other
25 media of transportation.

26 It has been my privilege to listen to the
27 evidence for the last two days and there has been
28 a good deal of discussion in respect to the deep-
29 sea shipping industry and its part in the delibera-
30 tions of this Commission. We did not interpret



1 the terms of reference to the Commission to embrace
2 consideration ^{of} problems of the deep-sea shipping indus-
3 try, and if your consideration is going to extend into
4 that field and it may be said to be relevant, we
5 would wish to make complete representation on behalf
6 of that industry as such.

7 We have not covered it in our brief which we
8 have submitted. We have endeavoured to adhere
9 strictly to the possible terms of reference to the
10 Commission.

11 I do not propose at this point to make any
12 further statement, but we will be glad to do what we
13 can to elaborate and elicit the remarks we have made
14 in our brief. I have not brought any expert testi-
15 mony today because we did not know just what the
16 trend of the questions might be. However, if there
17 are questions which are beyond my competence to
18 answer we will be very glad to have the necessary
19 witnesses or testimony at your sittings in Montreal
20 where most of our representatives reside.

21 THE CHAIRMAN: Thank you.

22 MR. GERIN-LAJOIE: Mr. Fisher, there are a
23 few points on which I would like you to elaborate
24 a little bit. First of all, your brief mentions
25 that at the outset paragraph No. 1, not in the pre-
26 face but in the main part of the brief itself, as
27 you call it, that your Association represents
28 twenty-six companies. Would you care to supply
29 the Commission with the list of the companies which
30 are members of your Association, either today or ---



1 MR. FISHER: I have a few copies of the list
2 here which I will be prepared to file.

3 You will understand, Mr. Chairman, that my
4 brief says twenty-six companies. The list which I
5 have now says twenty-eight. That is an adjustment
6 that has been made in the membership since the brief
7 was written.

8 MR. GERIN-LAJOIE: Possibly, Mr. Chairman,
9 this list, since it does not appear in the brief,
10 may be filed as an exhibit.

11 THE CHAIRMAN: Exhibit No. 5.

12
13 ---EXHIBIT NO. 5: List of member companies in
14 Canadian Shipowners Association.

15 MR. GERIN-LAJOIE: Mr. Fisher, can you tell
16 the Commission whether these companies are Canadian
17 incorporated companies or some of them non-Canadian
18 companies?

19 MR. FISHER: They are all Canadian incorpora-
20 tions.

21 MR. GERIN-LAJOIE: Are you in a position now
22 to say, or can you later on supply the Commission
23 with information as to who are the principal owners
24 of the companies? I do not know if you are in
25 a position to give this information today.

26 MR. FISHER: Yes, I would have to get it.
27 I do not have the information myself. We know who
28 the officers are certainly and the directors. It
29 has not been my practice to go behind the corpor-
30 ate structure to find out who the shareholders are.



1 In some cases I can give you who they are just by the
2 names I know of in the companies, but I presume I
3 can get the exact information. Do you want detailed
4 information?

5 MR. GERIN-LAJOIE: I believe the Commission
6 would appreciate having in its file the names of the
7 principal owners of the companies and if you will
8 supply this information in writing to the Secretary
9 of the Commission, I think that will serve the pur-
10 pose.

11 MR. FISHER: Yes, I can arrange to do that.

12 MR. GERIN-LAJOIE: You explained in your brief
13 that your company engages mostly in ocean shipping
14 but that you do engage to a small extent in the domes-
15 tic coasting trade. Would you have any figures as
16 to the proportion of coasting shipping compared with
17 your ocean shipping?

18 MR. FISHER: No, I have no estimate. In
19 my brief I mention the fact that in the year 1953
20 or 1954 there were forty-four United Kingdom vessels
21 which are engaged in the Canadian coasting trade.
22 This is on page 4, paragraph 10. Some sixteen
23 were owned by Canadians and carried 1.6% of the
24 total coasting trade, approximately 500,000 tons.

25 MR. GERIN-LAJOIE: Their operation in the
26 coasting trade is on a voyage basis, or is on a
27 seasonal operation?

28 MR. FISHER: I have no information which
29 would indicate what is the percentage of the trade
30 of voyage operations.



1 MR. GERIN-LAJOIE: Can you obtain this infor-
2 mation and supply it in writing to the Commission,
3 please, or would you undertake to?

4 MR. FISHER: Yes, I can obtain that. I am
5 afraid it would only be an estimate. It is going to
6 be very difficult to get a complete breakdown on
7 your voyages in proportion to that to which these
8 particular voyages in Canadian-owned vessels total,
9 but if that is satisfactory I will certainly get you
10 only an estimate to the best of my ability.

11 MR. GERIN-LAJOIE: We would appreciate it.
12 It is of interest to the Commission.

13 MR. FISHER: The question was, what percentage
14 was the coasting trade operation of this total opera-
15 tion?

16 MR. GERIN-LAJOIE: Of your company members.
17 Can you tell whether the coasting trade of your com-
18 pany members is done as a separate -- I would not say
19 enterprise -- but on separate voyages ^{rather} than the ocean
20 shipping? Let us say would your company members
21 make a trip from overseas to Montreal and then do
22 some coasting trade from Montreal to Quebec City,
23 or any other places in Canada, Halifax, and then go
24 on an ocean trip -- would it be on a separate basis?
25 I mean, would you engage only in coasting trade,
26 certain of your ships, whether the ships are regis-
27 tered by Canadian corporations having shipments to
28 make for a period of time. Then again there are
29 Canadian shippers cross just one voyage and then no
30 ships are available to them.



1 MR. FISHER: We are in a position to supply
2 that type. We can prepare the charter our vessels
3 made for any period of time. I mean we have some
4 that are chartered to the Federal Government.

5 MR. GERIN-LAJOIE: One of the matters to
6 be investigated by the Commission is the relationship
7 of the coasting trade in Canada, including the Great
8 Lakes domestic and international trade, so I know
9 it would be of interest to the Commission to know how
10 much of the coasting trade of your companies is linked
11 to the international trade and how much is indepen-
12 dent of it.

13 Let us say if you go from Montreal to Halifax
14 and then back from Halifax to Quebec, well, I con-
15 sider this is independent from international trade.
16 If you go from Montreal to Halifax and then from
17 Halifax to France and then from France to Montreal,
18 I regard this as coasting trade linked in a certain
19 way to international trade.

20 MR. FISHER: Well, may I put it this way.
21 Do you think it would be of interest to the Commis-
22 sion to know the percentage or proportion of
23 voyage charters; that is where Canadian corpora-
24 tions make outright charters in the employment of
25 Canadian coasting trade as distinct from, parti-
26 cularly, cargo employment, which is probably inter-
27 national trade.

28 MR. GERIN-LAJOIE: Right.

29 MR. FISHER: I think we can get some statis-
30 tics for you on that.



1 THE CHAIRMAN: Chartered trade would be trade
2 which is not coastal trade.

3 MR. FISHER: Yes.

4 THE CHAIRMAN: I could take a charter for a
5 voyage from Liverpool ---

6 MR. FISHER: It would not be a voyage, there-
7 fore, exclusively coastal trade beyond Canada.

8 MR. GERIN-LAJOIE: Referring to paragraph 2
9 of your brief, I see a reference to arrangements be-
10 tween the Canadian and United Kingdom regarding the
11 registration of your ships. Can you explain how
12 the registration in the United Kingdom provides
13 assistance for your Canadian flagships?

14 MR. FISHER: Well, in the first place, sir,
15 they are not Canadian flagships. If they are regis-
16 tered in the United Kingdom they are United Kingdom
17 flagships. They are Canadian-owned.

18 MR. GERIN-LAJOIE: Perhaps you could explain
19 to the Commission what you mean by paragraph 2 of
20 your brief at the end, "An arrangement devised by
21 the Government as an alternative to providing
22 assistance for Canadian flag operation."

23 MR. FISHER: May I make a brief submission
24 to put in some of the background? When the pre-
25 sent Canadian fleet, which is represented by the
26 Canadian Shipowners Association, was offered by the
27 Government, in the agreement for sale was a covenant
28 with the purchaser in which the purchaser covenan-
29 ted with the vendor, who was the Canadian Government,
30 that these ships would be operated under Canadian



1 registry. No application would be made to transfer
2 the vessels from Canadian registry without the prior
3 approval of the Government. These sales were made
4 in 1946 and probably through till about 1949 with
5 some vessels delivered in 1950.

6 In September, 1949 the devaluation of sterling
7 took place which placed the Canadian merchant navy --
8 which at that time had been operating a navy in
9 international trade -- at a very marked disadvantage,
10 to such an extent that within seven months some
11 thirty-seven ships had to be laid up.

12 MR. GERIN-LAJOIE: Pardon me, sir, do you
13 refer to operation costs?

14 MR. FISHER: Yes. Well, operating costs
15 which were then in dollars -- in Canadian flagships
16 we paid in dollars, and we found, of course, that we
17 were extremely, drastically affected in attempting to
18 compete in international trade. There is probably
19 about sixty-five percent of the world's trade conduc-
20 ted in sterling. Therefore, if you cannot get
21 sterling cargo how can you be possibly able to get
22 dollars? The devaluated sterling was driving us
23 from the market. That was the basic cause of the
24 great difficulties that the Canadian owners had in
25 living up to a precise contract with the Govern-
26 ment. The principle was devised whereby the vessels
27 would be transferred to a United Kingdom registry
28 under an agreement which amongst other things stated
29 that the owners would use their best efforts to
30 earn dollars. The ships were then placed under



1 United Kingdom registry under the control of a United
2 Kingdom manager, at least, managed by United Kingdom
3 operators.

4 You had to have it under the management of a
5 United Kingdom manager because the next step was, of
6 course, to lay off your Canadian crews and take on
7 British crews operating on your behalf through the
8 United Kingdom managers.

9 Arrangements were also provided that the net
10 earnings would be transferable to Canada in dollars,
11 to be convertible and transferred to Canada in
12 dollars, and the Canadian operators then would have
13 this return and pay Canadian taxes and operate it as
14 such.

15 Now, that is the purpose of the arrangement.
16 At the same time, when this was undertaken in 1949,
17 the Government also undertook to subsidize a limited
18 number of Canadian ships that were not prepared at
19 that time to see the Canadian fleet either laid up
20 or transferred to United Kingdom registry over which
21 the Canadian Government had no control, so that the
22 Canadian Government gave some financial assistance
23 to a few ships which I think enabled some forty-
24 eight ships to remain in operation under Canadian
25 registry.

26 That is the basic agreement to which I refer-
27 red.

28 MR. GERIN-LAJOIE: I would like to put on
29 record also that that agreement provided assistance
30 to your companies. Is it because you were able to



1 have your ships manned by English or foreign seamen?

2 Is that another cause?

3 MR. FISHER: Basically on two counts. First,
4 of course, we were able to reduce our operating costs,
5 our actual out-of-pocket operating costs to the level
6 of those operators from the United Kingdom because we
7 employed United Kingdom personnel; and the other im-
8 portant factor was that we were able to participate
9 in the sterling trades. We could get cargoes in
10 sterling. We could undertake charters or we could
11 get cargoes. If the payments were in sterling the
12 sterling went through our management man in the United
13 Kingdom after they had paid for operating costs and
14 other factors, and the net result became transferable
15 to dollars.

16 MR. GERIN-LAJOIE: Would that have been
17 impossible without the registration in the United
18 Kingdom?

19 MR. FISHER: It would have been impossible
20 as long as we flew the Canadian flag and we had
21 dollar shipments and we were restricted to dollar
22 cargoes. With the exception of sterling, in all the
23 other foreign countries we would expect to pay our
24 payments in the currency of the countries in which
25 we call. For instance, I think it has been esti-
26 mated that probably eighty percent of the revenue
27 of ocean-going ships is acquired in the currency
28 of the country it represents. That is the way it
29 pays its services and pays taxes and its overhead,
30 management fees and everything else. The other



1 twenty percent you can take in sterling and you use
2 that to pay your port fees and so forth, the other
3 elements that enter into the operation of shipping.

4 MR. GERIN-LAJOIE: Regarding your earnings,
5 would it be possible to inform the Commission of the
6 value of the dollar earnings of your companies for
7 a certain number of years compared to other curren-
8 cies?

9 MR. FISHER: I will attempt to get that. I
10 would like to point out to the Commission, however,
11 we do not represent the entire Canadian shipowners.
12 There would be that sort of information which was not
13 available to me.

14 MR. GERIN-LAJOIE: I am referring only to
15 your members.

16 MR. FISHER: I would suggest that financial
17 statement could be obtained from the Maritime Commis-
18 sion because these owners have to file returns from
19 time to time with them.

20 MR. GERIN-LAJOIE: Yes. It would be of
21 interest to the Commission, I believe, to know to
22 what extent your Association is really earning dol-
23 lars compared to other currencies, particularly
24 sterling, and to what extent this agreement, to
25 which you have referred, has importance with rela-
26 tion to Canada and the United Kingdom regarding
27 dollars and sterling.

28 MR. FISHER: Yes. It would take a little
29 time to prepare that information because it means
30 I would have to contact them and have them go back



in their records for a number of years.

MR. GERIN-LAJOIE: I would say for two or three years. If you wish to file it, it gives everybody an idea of the situation at the present time.

MR. FISHER: What was it again?

MR. GERIN-LAJOIE: The comparative earnings of dollars and sterling for the last year or two and other currencies.

MR. FISHER: Yes, I will try to obtain some information on that.

MR. GERIN-LAJOIE: Now, going to sub-paragraph 12, I read in the middle of the paragraph:

"It is our opinion that even after the seaway
"is completed other Commonwealth and foreign
"vessels will limit their activities to the
"direct carriage of overseas imports and ex-
"ports."

Now, on what grounds would you say you based that or is that only a feeling? Do you have any remarks to justify this opinion?

MR. FISHER: I would refer you to page 6, the next paragraph in which we say -- I think that has been duplicated -- that should be paragraph 13 on page 6.

MR. GERIN-LAJOIE: What is the duplication in the paragraph number of the brief?

MR. FISHER: I believe this paragraph perhaps has been duplicated. That should be 13 instead of the second 12 commencing: "This Association submits."



The reason why we suggest that -- admittedly this information is hard to check but on the basis of it that opinion is formed as set out, I think, in the third sub-paragraph and in paragraph 13 (a):

"It is becoming increasingly difficult to find skilled sea-going personnel in the United Kingdom and there is evidence that a further expansion in her merchant marine, particularly for lengthy periods of foreign service, can only be accomplished at much higher cost, thus reducing the present competitive advantage of the United Kingdom-registered vessels."

"The greater revenue carrying capacity, thus greater earning power in relation to capital and operating cost, of the specialized lake-type carrier and the much smaller capital investment and operating costs of the domestic barge-type operation so adaptable to the protected waters of the West Coast."

We mean simply this, sir, we suggest in our opinion it is going to become increasingly difficult for United Kingdom vessel operators to enter into this part of the trade, and we think that they will concentrate their efforts much more in direct entry of commodities in and out of the Lakes rather than attempting to participate in the coasting trade of Canada.

This opinion, I think, will only be resolved in experience and that is just the way we see it as to the different operators.



1 MR. GERIN-LAJOIE: Would you have an opinion
2 as to what types of trade are more likely to be
3 affected by the possibility of ocean ships going up
4 to the Lakes? Will it affect all types of trade,
5 the transporting of any merchandise or should it
6 affect, in your opinion, certain types more than
7 others?

8 MR. FISHER: I would think that in the open-
9 ing stages of the seaway, as evidenced by the activi-
10 ties we are now making, the advantage initially of
11 what we control, quite likely the cargo, railway
12 trades where vessels are employed carrying down cargo
13 on a regular service and on a regular rate. I make
14 some mention here of the development of that factor
15 in the trades through limiting the canals through
16 which these overseas shipping companies may want to
17 ship. This is in the early stages of the St. Law-
18 rence trades and is our course relatively at the
19 presently time, maintaining only a small portion of
20 the total coasting trade in the Great Lakes.

21 As to the future, this again is purely an
22 opinion. In the bulk carrying trades, grain -- in
23 the first place -- let me put it this way. I do
24 not think foreign operators are going to be parti-
25 cularly interested in Canadian cities, if they come
26 in, because they will get only bulk carrying trades
27 for direct export.

28 I have pointed out in the brief here that
29 in 1953 the total trade in the Great Lakes, only a
30 small part of that originated from the regular

1 export trade. That may effect all operators coming
2 to the Lakes and continuing on directly up, that is,
3 provided they can get in.

4 I think that may be governed very much by the
5 level of the ocean freight rates. If ocean freight
6 rates are high and you have controlled rates in the
7 Great Lakes, as you have today, controlled by the
8 Inland Board Trade and Rates Act, there will be no
9 incentive for an operator to proceed to the head of
10 the Lakes. He is going to use his vessel as econ-
11 omically as he can and to his best advantage, and if
12 he can make more money operating on the ocean-going
13 trades at a high level, he is not going to come into
14 the seaway. That trade will remain where it is
15 now.

16 Conversely, of course, in periods of low trade
17 markets, where there are several ocean-going ships
18 and they can use the seaway, this is developing
19 another point, if ocean-going vessels are able to
20 use the seaway they are going to come in as far as
21 they can for whatever cargo they can get. There-
22 fore there will be greater encouragement in periods
23 of low trade for them to go up to the head of the
24 Lakes and get cargo.

25 MR. GERIN-LAJOIE: I wonder if you have
26 any idea as to what the new patterns of traffic
27 would be with the development of the St. Lawrence
28 Way. I refer particularly to your comment in
29 paragraph 12:

30 "New patterns for certain types of present



1 "traffic."

2 MR. FISHER: It is our belief there will be
3 a gradual development in the utilizing of the seaway
4 for ocean cargo freight, cargoes which now move from
5 these centres in Western and Central Ontario by rail
6 to Montreal will tend to move into direct movement
7 by these overseas vessels freely through the Lakes.
8 We think that is one of the patterns. Another point,
9 of course, is it is going to enhance the using of
10 the seaway for bulk cargoes.

11 For instance, from the Seven Islands to the
12 American ports and from the American ports coal moving
13 to Fort Erie in the St. Lawrence Way and things of
14 that nature.

15 MR. GERIN-LAJOIE: Yes, but you have -- you
16 expect new "patterns" in the plural. I wondered if
17 you had different patterns in mind or if it is only
18 passing from railway transportation to ship trans-
19 portation that you have in mind?

20 MR. FISHER: Well, of course, there will be
21 new patterns which will involve movements. I think
22 what I had in mind in my statement, some of the
23 cargoes which now move in the coasting trade will
24 tend to flow to the new movement. In addition to
25 the rail there is quite a volume of cargo which is
26 moved by water-borne ---

27 MR. GERIN-LAJOIE: You mean ocean cargo?

28 MR. FISHER: Yes, ocean cargo, export cargo,
29 export and import cargo that moves in our coasting
30 trade will move over to the direct service.



1 MR. GERIN-LAJOIE: On page 4, paragraph (c)
2 you say:

3 "Shipping interests in the Great Lakes will
4 "have access to less costly shipbuilding
5 "facilities of the United Kingdom".

6 You are referring to the present state of the Law in
7 Canada?

8 MR. FISHER: Which paragraph is that, Mr.
9 Lajoie?

10 MR. GERIN-LAJOIE: Paragraph 13, sub-section
11 (c).

12 COMMISSIONER WICKWIRE: You are reading from
13 different volumes.

14 MR. GERIN-LAJOIE: I am referring to para-
15 graph -- perhaps I may be able to get the identical
16 paragraph 13. The second paragraph 12, sub-paragraph
17 3.

18 COMMISSIONER WICKWIRE: Page 7.

19 MR. FISHER: Yes, I have it now, thank you.

20 MR. GERIN-LAJOIE: At the end of sub-para-
21 graph (c). What you say there seems to be self-
22 evident from what has been put before the Commission
23 up to now, but I would like to know from you if you
24 think that the present Law of Canada should remain
25 constant which would permit the shipowners to have
26 access to the less costly shipbuilding facilities
27 in the United Kingdom, and if you are not, shall I
28 say, afraid, that if such a situation were allowed
29 to stand it would have an adverse effect on the
30 Canadian economy generally and so affect many



1 Canadian interests. To be more specific, do you
2 think it will have an adverse effect on the Canadian
3 shipbuilding industry, to take one instance?

4 MR. FISHER: It might have if it is establish-
5 ed that the Canadian shipbuilding industry is unable
6 to compete with the United Kingdom.

7 MR. GERIN-LAJOIE: Is it your opinion or the
8 opinion of your group that Canada should let the
9 Canadian shipbuilding industry down?

10 MR. FISHER: Oh, no. I thought I made that
11 statement -- I thought I made that quite clear in my
12 opening remarks. We contend that the shipbuilding
13 interest is in the same position as any other industry.
14 We think that it is in the national interest and can-
15 not be placed entirely on the backs of the ---

16 THE CHAIRMAN: In short, you think it should
17 be subsidized.

18 MR. FISHER: It might be, sir. If there is
19 any other alternative, we think that ---

20 THE CHAIRMAN: You are the man who is giving
21 the alternative or other alternatives. What other
22 alternative is there outside of subsidy and restric-
23 tion?

24 MR. FISHER: I do not know of any alternative
25 besides subsidies.

26 THE CHAIRMAN: I wondered why you avoided
27 that naughty word "subsidy" in your brief when you
28 could have only meant "subsidy" the way it was set
29 up.

30 MR. FISHER: Probably for the same reason



that Mr. McLagan avoided it this morning.

MR. GERIN-LAJOIE: At the end of paragraph 13, just before 14, you say:

"The discontinuance of this service, which
"would be inevitable, would be an important
"loss to the Canadian economy"

and they are referring to the inter-coastal shipping services. That is from the Atlantic to the Pacific through the Panama Canal. Do you have any figures or can you obtain any figures as to the amounts of those services, because you mention here that discontinuance of this service would be an important loss to the Canadian economy; and when I refer to another paragraph, you say you do not have the figures available, I refer to paragraph 7, no official statistics are available for inter-coastal shipping.

MR. FISHER: I have no official statistics presently available. I got those statistics from the Dominion Bureau of Statistics and I was only quoting them.

MR. GERIN-LAJOIE: I was wondering if you would have any means or could supply the Commission with your grounds for that opinion it would have an important loss to the Canadian economy.

MR. FISHER: Yes. I would suggest to the Commission that one of the principal operators in our own coastal services is filing a brief before the Commission, so possibly I can obtain the information from them so you can have it, because that would be in their own submission.



1 MR. GERIN-LAJOIE: What is this company?

2 MR. FISHER: The Saguenay Terminals Limited.

3 MR. GERIN-LAJOIE: Paragraph 14 also comments
4 on the East Coast area, that is the Maritime Provinces
5 and the St. Lawrence from Montreal. You assert if
6 there is such a connection between the coasting trade
7 and the shipbuilding, it is a Commonwealth connection.
8 Well, do you not think that such a relationship
9 could develop between shipbuilding and coasting trade
10 on the St. Lawrence Seaway if it has not existed up
11 to now?

12 MR. FISHER: Yes, I think it could.

13 MR. GERIN-LAJOIE: Because if we take the
14 situation not only as it has been up to now, but the
15 possible effect -- and of course, that is one of the
16 main objects of the St. Lawrence Waterway. I wonder
17 if you are not interpreting the relationship between
18 the two as the result of the St. Lawrence Way, and
19 I am wondering if I misunderstood what you said.

20 MR. FISHER: No, I think you are quite right.
21 What I had in mind was, I was just developing an
22 argument on the present situation on the Terms of
23 Reference and consideration of the existing situa-
24 tion. That was all.

25 MR. GERIN-LAJOIE: Regarding the paragraph
26 14 starting with the words:

27 "In the field of shipbuilding, however, in
28 "the Pacific Coast and East Coast areas,
29 "the advantage of being able to acquire cer-
30 "tain types of specialized vessels in the



1 "lower cost shipbuilding yards of the United
2 "Kingdom has been a marked economic advantage
3 "to the areas concerned."

4 Well, would you have any figures as to the difference
5 in price in transportation on United Kingdom-built
6 ships and Canadian-built ships in these areas; the
7 East region, as you call it, and the West region.
8 Do you have any figures as to the difference in the
9 cost of transportation on the two types of vessels?

10 MR. FISHER: Between Canadian and United King-
11 dom-built?

12 MR. GERIN-LAJOIE: Yes.

13 MR. FISHER: No, that is information that we
14 have acquired from some operators, that is all. If
15 they had to pay much higher costs in their capital
16 to supply ships they would have to have an increase
17 in transportation costs because you are speaking of
18 the marked economic advantage of the areas concerned.

19 MR. GERIN-LAJOIE: Of course, that is a very
20 important point for this Commission.

21 MR. FISHER: For instance, it has been a
22 really marked advantage economically for the Mari-
23 time Provinces to have United Kingdom-built ships
24 doing part of their trade.

25 MR. GERIN-LAJOIE: Well, of course, that
26 is only an opinion that you are giving and you
27 are entitled to your opinion. I wonder if you
28 would have any figures to justify this opinion?

29 MR. FISHER: No, I have no statistical in-
30 formation to justify that opinion. It is simply



1 one based -- let me give you one instance of a shipping
2 company operating in the Maritimes who have engaged
3 in coasting trade and inter-coastal trade -- that is
4 the East Coast -- who have told me that if they cannot
5 buy their vessels in the United Kingdom cheaply,
6 actually they would have to pay the Canadian costs,
7 they cannot then operate and therefore there would be
8 loss of employment for someone; and other people have
9 been operating ships and are still operating under
10 Canadian registry that they acquired in the United
11 Kingdom.

12 There are some -- I can only speak now for the
13 members of our Association, in our group, because
14 the same thing applies on these replacement costs of
15 these war-built fleets. In some cases their replace-
16 ments have been made and they have acquired the re-
17 placement in the United Kingdom because they find
18 it is uneconomical to acquire them in Canada in the
19 high cost Canadian market.

20 MR. GERIN-LAJOIE: You were speaking of many
21 ships since then are owned by the Federal Government.
22 That is the only part of the trade you are referring
23 to, or is it the main part of the subsidized ser-
24 vice?

25 MR. FISHER: Yes. If I understand in the
26 shipping services operated by the Federal Govern-
27 ment I think they have subsidized about \$1 million
28 the last year.

29 MR. GERIN-LAJOIE: What I have in mind is
30 this, if these services are almost the only ones



1 you are interested in I suggest that the Federal
2 Government could give them a higher subsidy. This
3 is the only particular region that is involved.

4 MR. FISHER: No. These services are opera-
5 ting in ocean-going tramps under the British Crown.
6 We bring that point out that these services may be
7 on the West Coast and all of them have to be sub-
8 sidized. If they are restricted, therefore, to ac-
9 quire their capital assets in the high cost Canadian
10 market it is going to increase the cost of transpor-
11 tation in those areas and require a greater contribu-
12 tion by the Federal Government to do that. As I
13 say, the inter-coastal shipping service plays an im-
14 portant role in reducing trans-continental shipping
15 costs. I am referring to the areas in Canada where
16 the shipping service would have to be subsidized.

17 MR. GERIN-LAJOIE: It is only part of your
18 argument and it is not the complete picture.

19 MR. FISHER: No, we submit that as evidence
20 of why we are against it.

21 COMMISSIONER WICKWIRE: What is the name
22 of the Maritime Company to which you referred?

23 MR. FISHER: The Mersey Paper.

24 COMMISSIONER WICKWIRE: Mersey Shipping, is
25 it?

26 MR. FISHER: No, it is the Maritime Ship-
27 ping but a subsidiary of the Mersey Paper.

28 MR. GERIN-LAJOIE: Referring to the top of
29 page 6 of the bound volume, just before reference
30 (b) actually in paragraph 14 I quote:



1 "Already established shipyards should benefit
2 "from the additional repair work which will
3 "inevitably accrue".

4 Is it not possible that seaway ships from the United
5 Kingdom may come in the coasting trade, particularly
6 on the Great Lakes, and also go back to the United
7 Kingdom for their repairs, and under those circumstances
8 the seaway would hardly benefit or the shipyards of
9 the Great Lakes.

10 MR. FISHER: Well, I thought that matter was
11 pretty much the same as the Chairman brought up this
12 morning when he was questioning Mr. McLagan. We
13 feel there will be an increase in the amount of repair
14 work. If you get a greater number of ships using
15 the facilities it is inevitable, we feel, there is a
16 greater amount of repair work. These ships do have
17 to be repaired. They do not necessarily all go home.
18 There is additional work to be obtained. Accidents
19 happen and the forces of nature have to be looked
20 after.

21 MR. GERIN-LAJOIE: Such repairs would
22 be only occasional ones, I take it.

23 MR. FISHER: Yes, I will say that ---

24 THE CHAIRMAN: Insofar as these ships would
25 be ships of your group, inevitably it would increase
26 the repair work because they are all Canadian-regis-
27 tered and would have to have the repairs in Canada.

28 MR. FISHER: Not necessarily, sir. These
29 ships are primarily or entirely United Kingdom-
30 registration now.



1 THE CHAIRMAN: I have just twisted the point.
2 Proceed.

3 MR. GERIN-LAJOIE: After reference (c) your
4 second paragraph of comments, that is on page 7 of my
5 edition, you are referring to the General Agreement
6 on Tariffs and Trade and I quote:

7 "To add further restrictions to the
8 "ability of our overseas customers to save or
9 "earn Canadian dollars might not only defeat
10 "the purpose of the new seaway, but certainly
11 "would be the source of considerable embarrass-
12 "ment in our external trading policies and
13 "could bring retaliatory measures which might
14 "hamper further expansion of Canadian trade,
15 "in particular the free movement and other
16 "benefits now enjoyed by Canadian-owned ocean-
17 "going shipping services."

18 Well, first of all, regarding the General Agree-
19 ment on Tariffs and Trade, am I right in thinking
20 that Canada would just do what the other countries are
21 doing in restricting trade, coasting trade to their
22 own ships, Canadian-built and Canadian-registered,
23 and what actually has been adopted by most nations
24 who have adhered to the General Agreement or that
25 would change the established pattern if Canada did
26 anything at this junction to change or prevent the
27 ability of our overseas customers from the seaway
28 that might not be itself reflected and included in the
29 General Agreement on Tariffs and Trade?

30 MR. FISHER: I am not aware of any countries



1 who have made changes in this coasting trade submis-
2 sion after the General Agreement on Tariffs and Trade.

3 MR. GERIN-LAJOIE: I imagine it would hardly
4 be possible they might have all restricted prior to
5 making the coasting trade ---

6 MR. FISHER: They are not all restricted by
7 any means. The United Kingdom is not.

8 MR. GERIN-LAJOIE: Apart from the United King-
9 dom, can you suggest any type of retaliation which
10 might be imposed by other countries if we were to take
11 such a step, restricting our coasting trade?

12 MR. FISHER: I think probably some of our
13 overseas customers, of course, in this day and age
14 have to earn such Canadian dollars as they can for
15 the purpose of buying more goods in Canada. If you
16 restrict the use of the seaway then you restrict the
17 ability of those people to earn dollars and in turn
18 restrict their purchasing power for Canadian goods.

19 MR. GERIN-LAJOIE: Do you think at the
20 present other nations are buying goods from Canada
21 just to be nice to us, or who would take retalia-
22 tory measures afterwards, or do you not believe they
23 are just buying from us because it increases their
24 own purposes?

25 MR. FISHER: I would like to put it in the
26 other sense. I believe if they can earn more dol-
27 lars they would like to buy more goods from us.
28 If we restrict their ability to earn dollars we res-
29 trict their ability to buy from us.

30 MR. GERIN-LAJOIE: It is very important to



1 know whether this earning of dollars is secured or
2 not. Referring to the balance of payment between
3 Canada and the United Kingdom or Canada and other
4 countries, apparently the Commission does not have
5 any figures on that point.

6 A little further on reference (d), the comment
7 which follows ---

8 COMMISSIONER WICKWIRE: Mr. Gerin-Lajoie, I
9 understand Mr. Fisher says he is going to arrange
10 some figures on that.

11 MR. FISHER: No, I have no figures on that.

12 MR. GERIN-LAJOIE: Regarding your own com-
13 panies, I thought you may be able to give figures
14 as to the amount your ships are earning in dollars.

15 MR. FISHER: Yes, we can do that in respect to
16 the operation of our own ships.

17 MR. GERIN-LAJOIE: Yes.

18 MR. FISHER: That may not be relevant to
19 the overseas demand.

20 MR. GERIN-LAJOIE: No.

21 MR. FISHER: The Commission will probably have
22 to compare it with other material.

23 MR. GERIN-LAJOIE: I would like you to
24 elucidate or elaborate a little bit on your state-
25 ment at the end of that paragraph, the first para-
26 graph of comments after the reference (d), that is
27 on page 8 of my book.

28 MR. WICKWIRE: What page is it in my book?

29 MR. FISHER: Page 11.

30 MR. GERIN-LAJOIE: I quote the sentence at



the end of the paragraph:

"Such action might not only tend to
"over-develop certain specialized segments of
"both industries at the expense of others,
"creating monopolistic conditions -- "

MR. FISHER: Pardon me, sir. I have the
wrong one.

MR. GERIN-LAJOIE: It is at the end of page 8
after reference (d).

"..... creating monopolistic conditions detri-
"mental to the national economy as a whole."

How would it tend to create monopolistic conditions?
Can you elaborate a little bit?

MR. FISHER: The elimination of competition.

MR. GERIN-LAJOIE: What type and kind of com-
petition?

MR. FISHER: The competition of potential
competition that might develop from the seaway.

MR. GERIN-LAJOIE: Would it not be fair to
say even if no competition does develop, if there
is a possibility that there is no competition you
keep your cost factors too high it has a tendency
to keep the cost level down.

MR. FISHER: We suggest here if the coastal
trade of Canada is closed to purely Canadian inter-
ests such action might tend to over-develop cer-
tain specialized segments of both industries, that
is the shipbuilding and shipping companies would
tend to over-develop a specialized type of vessel
for the Lakes and a specialized type of building



1 facility ---

2 MR. GERIN-LAJOIE: Is that not the kind of
3 competition with which they have to compete now? They
4 have to specialize in certain types of vessels.

5 MR. FISHER: I grant you that. Now, there is
6 the possibility that they cannot open to other com-
7 petitors at all. It may have to be by amendment to
8 trade on the Great Lakes.

9 MR. GERIN-LAJOIE: If the seaway is unopened
10 do you not think there would be more competition then
11 among the Canadian shipyards as we have it up to now?

12 MR. FISHER: No. There would be more compet-
13 ition for the Canadian owners, yes. There would be
14 a perpetuation of a monopolistic condition to the
15 specialized cargo. There may be some competition
16 through the years. I have no reason to doubt that
17 statement. We do at the present time not know what
18 it is, there is something, but in the future if you
19 deliberately close out competition, that is the
20 potential competition, that competitive characteris-
21 tic may cease. We have seen such things as the
22 Shipping Conference which tends to stabilize the
23 rates amongst the various competitors giving dif-
24 ferent prices.

25 MR. GERIN-LAJOIE: All you have in mind is
26 that the competition from overseas would disappear,
27 that is all, but we would remain with the competi-
28 tion in Canada.

29 MR. FISHER: I am not suggesting that that
30 competition still remains, but what I would suggest



is this. If you do not permit foreign competition

you do not have that balance or that level which will keep competition in Canada. I am afraid I am not expressing myself very well at this point, sir, but we say that such action may not only tend to overdevelop certain specialized segments of both industries at the expense of others. In respect to the shipbuilding we suggest, I should say from that, they would become specialized in the building of these different specialized ships and that unless they have divergence in their activities they would probably not be doing any other type of ships.

THE CHAIRMAN: As far as the Great Lakes shipping yards are concerned surely let them become specialized as much as they can possibly be in building efficient shipping for carrying Great Lakes cargoes. It is only by specializing in inter-coastal fleet that there is some hope of overcoming the differential between the United Kingdom costs and the Canadian costs. We were told this morning where they ships are building big cargo ^ they are now being able to reduce that differential. I should say that anything to discourage specialization in construction would be at the same time doing something to discourage efficiency.

As to the competition, your point, as I understand it, is that one form of competition on the Great Lakes would be removed, that is the competition of the United Kingdom-built ships, it would not remove any competition for the two classes.



MR. FISHER: No, sir.

THE CHAIRMAN: That has been advanced before and will be advanced tomorrow as being the salutary form of competition that the Canadian laker carrying to Montreal will have to face competition of the United Kingdom-owned boats to carry from Fort William to Montreal, and no brief, as far as I have seen, has ever suggested any interference with that lake carriage, so that although one type of competition on the Lakes would be eliminated, under the proposal as made for instance this morning, another type would not. Is that so?

MR. FISHER: I believe that to be so.

MR. GERIN-LAJOIE: You mention something in the same paragraph, Mr. Fisher, and so I quote:

"... would tend to encourage the expansion
"of direct services at the expense of the
"coasting trade on the Great Lakes."

I am not quite clear what you mean by that.

MR. FISHER: I think that is the actual explanation to Mr. -- my argument is, the higher your costs for transportation in your coasting services, then your competition would tend to go more and more to the cargoes on direct service. The higher the costs of the Great Lakes trade the greater attraction for the foreign ships to come in and get the Great Lakes traffic direct to home.

MR. GERIN-LAJOIE: Two paragraphs further from your reference of the Commonwealth Shipping Agreement of 1931, you said:



"Withdrawal from this Agreement could con-

"ceivably result in the loss of such benefits.

"Such loss could be more damaging to Canadian-

"Commonwealth relations than the benefits

"which might accrue to any special interests."

Can you explain in your opinion what the damage to Canada might be by withdrawal from that Agreement?

MR. FISHER: Withdrawal from the Agreement -- the Agreement has a very great many benefits to the international ocean-going shipowner. For example, we have great hopes we are going to develop an ocean-going merchant navy in this country. If we do, the benefits of the Commonwealth Shipping Agreement are themselves of immense value. We feel it is in our common interest to have the benefits of this Agreement.

MR. GERIN-LAJOIE: Can you be more precise and say what benefits, because it has been suggested by some people that such an agreement, having been entered into nearly twenty-five years ago serves no more purposes now.

MR. FISHER: Such a reference as it does no longer serve its purpose, seems to me to be directed to a specific point that Canada should now depart from the Agreement reserving its coasting trade only to itself, but there are a great many other advantages in the Agreement, common status, standard safety, extra territorial operation of our own Law. Any service which is operating internationally as such gets extra territorial application of the Canadian Law to Canadian seamen in a foreign port which



1 is a very important factor, and there are many in the
2 world. We think these things are valuable to us.

3 MR. GERIN-LAJOIE: Do you think we could get
4 up a new agreement for ships, for international or
5 general shipping as distinct from the coasting trade?

6 MR. FISHER: That is one reason why we ob-
7 jected to it. If we attempt to re-negotiate a new
8 agreement you may not get a large part of these bene-
9 fits. I would think that some of the other partici-
10 pants to the Agreement who have certain benefits in
11 Canada would perhaps also be inclined to be interested
12 in changes. That is our concern.

13 MR. GERIN-LAJOIE: Article IV of that Agree-
14 ment says that any government may withdrawn from any
15 Article of that Agreement. I wonder if you have
16 considered particularly that provision which would
17 probably allow Canada to withdraw from the provisions
18 regarding coasting trade without withdrawing from
19 the other provisions, particularly those which are
20 of some advantage for ocean shipping.

21 MR. FISHER: I would think insofar as our
22 position is concerned that other countries may want
23 to withdraw some of their benefits which Canada en-
24 joys. It is a two-way street.

25 MR. GERIN-LAJOIE: I wonder, regarding the
26 general terms of your brief, whether you see any
27 reason why British or United Kingdom, I should say,
28 built and registered ships should be in a more ad-
29 vantageous position regarding coasting trade of
30



Canada than foreign-built and registered ships? I understand your brief well in that it seems to be based on the fact that it is more economical for Canada to have that competition and these lower costs which we get from British-built and British-operated ships. Well, if we take that argument further, of course, we can expand it to foreign ships.

MR. FISHER: Quite right. That again I am frank to admit is a matter of self-interest. We are operating one hundred ships under United Kingdom registry which would be subject to much greater competition. We do not wish to.

MR. GERIN-LAJOIE: That is all, Mr. Chairman.

MR. GERITY: Mr. Chairman, if I may ask a few questions ---

THE CHAIRMAN: Could you come forward, Mr. Gerity.

MR. GERITY: Yes, I will.

Mr. Fisher, according to your brief, your companies own eighty ships, all of which are under the United Kingdom flag.

MR. FISHER: Correct.

MR. GERITY: Your Association, I take it, is interested in having the United Kingdom flag vessels participate in this trade.

MR. FISHER: We are very interested on the basis of the fact we now operate under a rather stringent agreement which, if we do not, we may lose all the benefits thereto. We are required by the Agreement, under which we operate these ships under



1 the United Kingdom registry, to use our best efforts
2 to earn dollars. Therefore we must get open trade
3 as much as we possibly can, or at least make repre-
4 sentations to that effect.

5 MR. GERITY: I am afraid I do not quite fol-
6 low you. The earned dollars are your companies' or
7 British companies'.

8 MR. FISHER: No. These ships are owned by
9 Canadian corporations.

10 MR. GERITY: Where do the dollar earnings go?

11 MR. FISHER: They are required to go to the
12 United Kingdom and the net results, after our opera-
13 ting costs are paid, the net returns are transferred
14 back to the Canadian companies.

15 MR. GERITY: So then the profit factor is
16 Canadian.

17 MR. FISHER: Yes.

18 MR. GERITY: Have any of your companies ever
19 built a ship in Canada?

20 MR. FISHER: None of our companies have ever
21 built a ship in Canada.

22 MR. GERITY: Have any of your companies
23 ever acquired a vessel by any other means than from
24 the Government of Canada?

25 MR. FISHER: Oh yes, some of them have bought
26 second-hand ships at some time or another.

27 MR. GERITY: Under the present United King-
28 dom Law, that is the Ship and Aircraft Transfer
29 Restriction Act of 1939, can you transfer your ves-
30 sels out of United Kingdom registry?



1 MR. FISHER: Insofar as I understand at the
2 moment, the Transfer Restriction Act of the United
3 Kingdom does not prevent it. What does prevent it,
4 is that we have to seek the permission from the
5 Canadian Government before we can do it. Under the
6 Agreement vessels can only be transferred under United
7 Kingdom registry to be returned to Canadian registry
8 for the purpose of sale, and the Canadian Government
9 then steps in and takes control over the capital re-
10 turns.

11 MR. GERITY: That arrangement was worked out
12 by the Canadian Government because of their original
13 interest in those vessels?

14 MR. FISHER: Correct, sir.

15 MR. GERITY: Other than some second-hand
16 ships, then, your Association only owns ships of the
17 Canadian taxpayer?

18 MR. FISHER: That is right.

19 MR. GERITY: And operated under the United
20 Kingdom flag you expect them to participate in the
21 coasting trade of Canada?

22 MR. FISHER: Certainly, for the reason of
23 the salvation of the agreement which we have.

24
25 (page 326 follows)
26
27
28
29
30



SUBMISSION OF THE CANADIAN INDUSTRIAL
TRAFFIC LEAGUE

THE CHAIRMAN: Yes, Mr. Mann?

MR. H.A. MANN: Mr. Chairman, members of the Commission, The Canadian Industrial Traffic League appreciates the opportunity to submit to the Royal Commission the views of those who directly pay the freight charges from which companies engaged in the coasting trade of Canada derive their revenues. The users of coasting vessels are keenly aware of the importance of low cost, efficient water transportation. They are generally opposed to the imposition of any restriction which might tend to enhance the cost to them in such transportation. We respectfully submit that the present coasting laws should be allowed to remain in existence without change.

As we pointed out in our brief, we have considered it beyond the competence of our organization to deal with such questions as the role of coastal shipping and ship building for national defence. If indeed it should be found necessary to develop a national shipping policy predicated on such things then we respectfully submit that its costs be borne by the nation as a whole and be not passed on to the users of shipping services in the form of higher charges.

That is all the statement I would like to make. Our brief is on record now and, within the limits of my competence, I would be glad to



1 answer any questions put to me.

2 MR. GERIN-LAJOIE: Mr. Mann, I very readily
3 understand the interest of your group in low cost
4 transportation, while I wonder if you see any
5 reason why you would not carry the argument further
6 and maintain that coasting trade should be open
7 to foreign built and foreign registered ships as
8 well as to United Kingdom built and United Kingdom
9 registry.

10 MR. MANN: I would say that would be quite
11 a logical extension of the argument. Our group
12 has not considered that at all because we held
13 ourselves strictly to the consideration of points
14 contained within the terms of reference and also
15 our people feel that the present legislation has
16 been working out quite satisfactorily to them.

17 MR. GERIN-LAJOIE: Satisfactorily from what
18 point of view? I mean, if you could get lower
19 costs with different legislation than you have now
20 would you favour a change in legislation?

21 MR. MANN: I do not think I can answer that,
22 Mr. Gerin-Lajoie, because, as I say, it has not
23 been considered. I have actually no instructions,
24 I would give you the information based on nothing
25 at all.

26 MR. GERIN-LAJOIE: You were referring to
27 the terms of reference of the Commission, the
28 Commission has to inquire into the coasting trade
29 so if any change in legislation is to be concerned
30 it may be not only to restrict Canadian waters or



1 Canadian coasting trade to Canadian built and
2 registered ships, but the Commission might also
3 consider, I imagine, the opening of coasting trade
4 to any ships. I mean, if the Commission is
5 considering the problem, it is considering it as a
6 whole. If you do not have any views I will not
7 insist any more. Taking the other end of the
8 argument now, do you see any reason why a number
9 of industries in Canada should be protected
10 against foreign industry of a similar nature and
11 not the coasting trade industry? For instance,
12 take automobiles and so forth.

13 MR. MANN: Yes.

14 THE CHAIRMAN: On that point, would it be
15 of some interest to learn the types of members of
16 the organization Mr. Mann represents? He rep-
17 resents Industrial and Commercial Traffic Managers,
18 now, are they traffic managers for the automobile
19 companies?

20 MR. MANN: That is right, my lord. We have
21 roughly 865, I think it is, as a last count,
22 across Canada, that comprise all types of
23 manufacture and distribution.

24 THE CHAIRMAN: Take the traffic manager at
25 General Motors of Canada, like any one else they
26 seek protection for their market and they have
27 had it extended to protect it to about 37 members,
28 a little less. Now, how would they be interested
29 in having the users of automobiles as General
30 Motors Corporation is a user of ships, given a



1 cheaper product at a lower cost by the removal of
2 any tariff?

3 MR. MANN: Well, I am sure the General Motors
4 Corporation would not like it, but I might with
5 deference suggest this, that a total restriction
6 of the coasting trade to Canadian registered and
7 Canadian built vessels would, if you wanted to use
8 that argument, amount to perhaps 100% protection
9 which is more than, to the best of my knowledge,
10 any industry in Canada enjoys to-day.

11 THE CHAIRMAN: Oh, no, I would say to you it
12 would not, for the reason I advanced to the last
13 gentleman standing in your place, there is always
14 competition of through services because a major,
15 not a major part but a very considerable minority
16 of the traffic carried in coastal trade is
17 eventually going into international trade.

18 MR. MANN: Yes.

19 THE CHAIRMAN: And with the completion of
20 the seaway it will be possible, not only for
21 United Kingdom ships but for a Dutch ship. There
22 are now small ships picking up the traffic and
23 carrying it all the way overseas so to that extent
24 the exclusion of other than Canadians from the
25 coastal trade is not 100% protection. There are
26 other briefs which emphasize that which we will
27 hear to-morrow, the emphasis on that type of
28 competition, and there is no suggestion in any
29 brief I have seen that that competition be in
30 any way affected. Proceed, Mr. Lajoie.



1 MR. GERIN-LAJOIE: Did you start to say you
2 see no reason why the shipbuilding industry in
3 particular should not be protected in the same way
4 as other industries in Canada are protected against
5 foreign competition?

6 MR. MANN: Well, Mr. Lajoie, we deal with the
7 shipbuilding industry. I think, quite briefly, at
8 the back of our brief where we said that if it is
9 in the national interest and it seems to me the
10 evidence I have had the privilege of listening to
11 has stressed the national interest by way of
12 defence. If it is then essential to advance
13 considerations or national considerations to
14 protect the shipbuilding industry then the only
15 comment we make on that is that the cost thereof
16 be not placed on the users of the transportation
17 services but be distributed fairly and evenly
18 across the nation as a whole.

19 COMMISSIONER WICKWIRE: By way of subsidy?

20 MR. MANN: That is right, I know that word
21 is being shied away from.

22 COMMISSIONER WICKWIRE: Is there any other
23 way you know of?

24 MR. MANN: I have no idea that there is
25 another way of doing it.

26 COMMISSIONER WICKWIRE: And do you suggest
27 both a construction subsidy and operational
28 subsidy?

29 MR. MANN: We have not gone into that, sir,
30 but if it is found necessary to do that then it



has to be done.

1
2 MR. GERIN-LAJOIE: Do you see any reason to
3 apply that reasoning only to shipping transportation
4 and not to other industries in Canada? We have
5 found in Canada it is reasonable from a national
6 point of view to protect our textile industry,
7 automobile industry and so forth, and it has been
8 done in the way you know. Do you see any reason
9 why we should treat the shipbuilding industry
10 differently, not a subsidy in that case, not
11 proceeding in the future by subsidy in the other
12 fields of rational economy?

13 MR. MANN: I see what you mean. Of course,
14 we are dealing with transportation and are perhaps
15 more aware than many in the nation of the means
16 of transportation services, of low cost trans-
17 portation services of Canada; being flung out as
18 this country is, I think it would be in the national
19 interest to keep the charges for transportation
20 services as low as can be done consistent with
21 economic return and with a reasonable level of
22 rates to the users.

23 COMMISSIONER WICKWIRE: I think the ship
24 builders suggested this morning that with the
25 restriction, the restriction suggested by them
26 imposed that they would be able to keep it fairly
27 low because of the increased traffic. Have you
28 any observation to make?

29 MR. MANN: Yes, sir, we do make an obser-
30 vation in our submission to you. It is quite



possible that these rates might decrease, we feel, and I think I can probably quote that from the submission itself. I am quoting from page 2 of our brief:

"It is our further submission that, in the absence of rate and service regulations of bulk carriers by water (with the exception of grain), the maintenance of the keenest competition possible is even more desirable than ever in the interests of protecting the users of their services."

Now, I might elaborate on that, certainly rates might indeed go down, we do not know, it is quite possible that they will. We feel, however, that they will be controlled better by competition than by the creation of what might end up as a monopoly in coasting trade. There will be a system of checks and balances by the continued admission of United Kingdom registered ships.

MR. GERIN-LAJOIE: I am wondering, it may go back to the first question I put to you, I really wonder if your whole submission is not based on a matter of what I would call, maybe vested interest was in any way a matter of being too conservative just keeping the situation we have now. I wonder if your brief is based on reasoning and considering possible changes for the future. I put to you the question whether



1 we should not push your argument further and admit
2 foreign competition, and you said you were not
3 prepared to answer that question. Well, if you
4 are not prepared to answer that question I wonder
5 what is really the basis for your whole brief?

6 MR. MANN: Well, as we pointed out in it,
7 we feel that in the coasting trade the element
8 of competition has been a useful element. Now, I
9 do not know whether you want me ---

10 MR. GERIN-LAJOIE: You mean United Kingdom
11 competition?

12 MR. MANN: Yes, United Kingdom registered
13 competition, the briefs submitted to the competition
14 of Newfoundland, for instance, pointed out the
15 importance to that Province of United^{Kingdom} registered
16 ships. I might point out something else that we
17 consider of importance, and that is the existence
18 of the inter-coastal services provided between the
19 east and the west coasts which has served, I might
20 suggest, as^a good check on Transcontinental Railways,
21 a service inter-coastally is being provided by
22 United Kingdom registered ships.

23 MR. GERIN-LAJOIE: Is it of interest in
24 volume compared to others?

25 MR. MANN: Compared to the volume on the
26 Great Lakes it is most insignificant, but as I
27 suggested it does tend to act as a check on a
28 considerable volume going transcontinentally by
29 railway. I might in this connection, Mr.
30 Lajoie, quote just one passage from the report



1 of the Royal Commission on Transportation under
2 the chairmanship of the Honourable Mr. Justice
3 Turgeon:

4 "Transcontinental rail freight rates apply
5 "on traffic hauled by the railways across
6 "the continent in competition with steam-
7 "ships which operate through the Panama
8 "Canal or direct to the Pacific Coast
9 "ports."

10 Then, again, page 96 of that report:

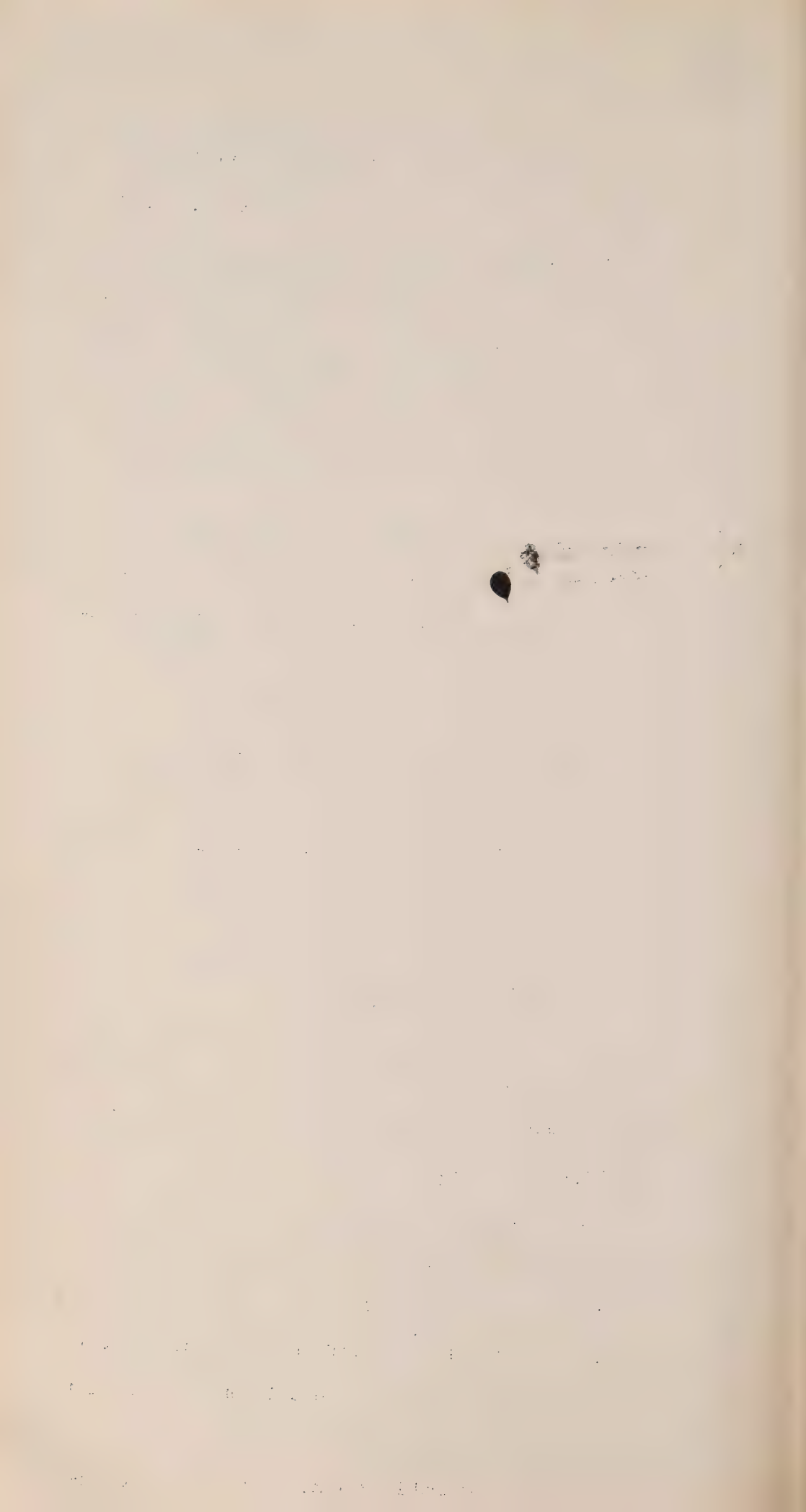
11 "Transcontinental rates apply particularly
12 "to products on which water competition
13 "is keen."

14 Again, on page 97 of that report:

15 "The avowed policy of the railways has
16 "been to publish transcontinental rates
17 "applicable to commodities which
18 "ordinarily move from coast to coast
19 "and which are suitable for trans-
20 "portation by steamship."

21 MR. GERIN-LAJOIE: Do you really believe any
22 argument can be based on this inter-coastal
23 shipping in view of the very small volume of that
24 shipping?

25 MR. MANN: I am sorry, we seem to be mis-
26 understanding each other. I should make myself
27 clear; the volume itself of the inter-coastal
28 shipping is small but the existence of the inter-
29 coastal service does have a controlling effect
30 on the considerable volume moving by rail across





1 the country.

2 MR. GERIN-LAJOIE: Well, actually has it any
3 controlling effect in view of the fact that the
4 rail transportation rates are fixed by Government
5 commission, by the Transport Commission?

6 MR. MANN: Well, the transcontinental rate
7 is considered as competition and it is within the
8 discretion of the Railway Company to meet or not
9 to meet it.

10 MR. GERIN-LAJOIE: That is all, Mr. Chairman.

11 MR. GERITY: Mr. Chairman, may I ask a few
12 questions?

13 THE CHAIRMAN: Yes, certainly.

14 MR. GERITY: Are you prepared to tell this
15 Commission whom are the companies that comprise
16 your organization?

17 MR. MANN: I would be quite prepared to do
18 that. It would take me considerable time.

19 THE CHAIRMAN: There are 850 names to read.

20 MR. MANN: It would be difficult.

21 MR. GERITY: I submit that any organization
22 appearing before your lordship and the Commissioners
23 should be required to show who they are and what
24 they are.

25 THE CHAIRMAN: Well, do you wish him to
26 give 850 names at this time?

27 MR. GERITY: I merely ask that he file it
28 at some period.

29 MR. MANN: I would be delighted to do that,
30 I will be glad to file that for the information



1 of the Commission.

2 MR. GERITY: Mr. Mann, are any of your members
3 interested in the grain trade?

4 MR. MANN: Yes, indeed.

5 MR. GERITY: In what way?

6 MR. MANN: Among our members are the major
7 grain companies, the flour milling companies of
8 this country.

9 MR. GERITY: You are aware, I suppose, that
10 that trade is controlled by a government agency?

11 MR. MANN: We point that out in our brief,
12 Mr. Gerity.

13 MR. GERITY: Are you aware also that the
14 freight rates on grain are controlled by a govern-
15 ment agency?

16 MR. MANN: With one slight qualification I
17 am willing to consider that, the maximum rates on
18 grain are controlled.

19 MR. GERITY: And that the ships themselves
20 are subject to control all under Government agency.

21 MR. MANN: Under an emergency order, I
22 think, issued by the Government or a Transport
23 controller they are.

24 MR. GERITY: In your brief you refer to
25 Commonwealth registered ships playing a part in
26 furnishing low cost and efficient services, can
27 you tell us what Commonwealth companies, if any,
28 supply low cost shipping in the Great Lakes?

29 MR. MANN: We do not mention that
30 specifically and I am not aware of any companies



1 operating on the Great Lakes exclusively. There
2 are companies, Commonwealth registered ships
3 providing a very essential low cost and important
4 service in and out of the Great Lakes.

5 MR. GERITY: Do you think that Great Lakes
6 trade is any different to that on the East and
7 West Coasts?

8 MR. MANN: Our organization do not consider
9 it as any different.

10 MR. GERITY: You do not think there is any
11 different problem?

12 MR. MANN: We do not think so.

13 MR. GERITY: Now, at the present time there
14 is what is known as a package freight service up
15 the Great Lakes, can you tell us whether or not
16 that is lower than the railroad cost?

17 MR. MANN: Cost or rate?

18 MR. GERITY: Rate.

19 MR. MANN: The railways have made -- there
20 are two such services running into the Lakes, just
21 to keep the record clear, the railways have made
22 the rates of these two companies operating in the
23 package trade.

24 MR. GERITY: Do they provide an efficient
25 service?

26 MR. MANN: Judging by the utilization of
27 their services by our members, they do.

28 MR. GERITY: And there are no Commonwealth
29 registered ships furnishing low cost and
30 efficient service in the trade other than



1 Canadian?

2 MR. MANN: I am sorry, I did not understand.
3 I thought I pointed out that the two services
4 operating between Newfoundland and the Great Lakes
5 do operate under Commonwealth registry.

6 MR. GERITY: But there is not, so far as you
7 know, any other company than Canadian trading in
8 and out of the Great Lakes other than Newfoundland?

9 MR. MANN: I do not know.

10 MR. GERITY: Now, looking at the whole of
11 your brief, Mr. Mann, is it the position of your
12 group that a profitable Canadian enterprise should
13 be destroyed^d by creating the Seaway?

14 MR. MANN: By no means. I refer you to our
15 brief again, we do not think that the coming of
16 the Seaway will necessarily or at all destroy or
17 be at all deleterious to the shipping industry.

18 MR. GERITY: Do you think Canadian companies
19 can equal the cost factor of United Kingdom and
20 foreign ships?

21 MR. MANN: We suggest that their efficiency
22 was very high. I might in this connection refer
23 you to the submission made to this Commission by
24 Canada Steamship Lines on page 7 of the submission
25 No. B80, where there appears this sentence:

26 "The whole Great Lakes fleet has been
27 "built up to give a great concentrated
28 "movement and we doubt if the efficiency
29 "of the handling of bulk cargoes or
30 "package freight can be equalled anywhere



1 "in the world."

2 I take it you are not concerned with package
3 freight, your clients are only interested in ---

4 MR. GERITY: No, my question was this, do
5 you think that Canadian operators of Great Lakes
6 ships can meet and equal the United Kingdom and
7 foreign costs?

8 MR. MANN: We hope that they could do it,
9 we say that is presumptive but we hope they can.

10 MR. GERITY: Do you think so?

11 MR. MANN: I can only refer you to what we
12 say here:

13 "Equally presumptive, of course, but
14 "regarded with a good deal of confidence
15 "by the users of their services, is the
16 "ability of Canada's domestic shipping
17 "operators and ship builders to adapt
18 "themselves to the opportunity which the
19 "Seaway offers and to apply their
20 "experience and efficiency to any
21 "challenge which may arise."

22 MR. GERITY: I suggest to you that is more
23 of a noble sentiment than the result of any
24 study?

25 MR. MANN: That may be so, but it has not
26 been proven to our satisfaction that the
27 destruction of the Canadian operated Great Lakes
28 fleet would be an inevitable result of the
29 construction of the Seaway.

30 MR. GERITY: How do you account for the



1 fact that a previous witness had 77 of his ships in
2 the United Kingdom registry?

3 MR. MANN: Well, I would think that was one
4 way of reducing his costs.

5 THE CHAIRMAN: None of those ships engaged
6 in Great Lakes trade, Mr. Gerity.

7 MR. GERITY: No, my lord, I agree, but they
8 may when the Seaway is completed, there is nothing
9 to prevent any of them engaging in the Great Lakes
10 trade. Well, Mr. Mann, one more question, has
11 your group made any study of the cost factors
12 involved in the Great Lakes shipping?

13 MR. MANN: No.

14 MR. GERITY: Thank you very much.

15 THE CHAIRMAN: Thank you very much, Mr. Mann.
16 That would appear to complete the hearing for
17 to-day so we will rise now and resume at 10.00
18 o'clock to-morrow morning.

19
20 ---The hearing adjourned at 4.40 p.m.
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ROYAL COMMISSION
ON COASTING TRADE

VOL. I

PART C

Report Of Ottawa
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THURSDAY, JULY 14, 1955.

---On resuming at 10.00 A.M.:

SUBMISSION OF THE DOMINION MARINE ASSOCIATION

---Mr. F.O.Gerity appearing for the Dominion Marine Association.

THE CHAIRMAN: The Dominion Marine Association.

MR. GERITY: Mr. Chairman and members, I have a supplementary brief which I have filed with the Secretary and it contains a few tables and figures as a preface to it. There are three copies there, sir. In Part 1 -- I have a few more copies here -- I have set out who the Association are, and what is its membership; and on page 1, sir, we set out what are the objects of our Association. On page 3, who are the member companies of our Organization. Associated with them in this brief are three additional companies as set out on page 4. So that I represent twenty-seven companies, which is ninety-seven percent of the Canadian Great Lakes Fleet, representing a total gross tonnage of 816,704, just over 800,000 tons of shipping.

In Part 1 (c), Mr. Chairman, I have set out briefly that this Association runs a school of navigation and a school of marine engineering in order to assist their employees to obtain the necessary certificates prescribed by the Canada Shipping Act. The remainder of the Supplementary brief, Mr. Chairman, consists only of exhibits, and with



your permission I would like to call witnesses as
to those points.

THE CHAIRMAN: Yes.

MR. GERITY: If I may first outline our case,
Mr. Chairman. We ask for two things: first, that
Part 13 of the Canada Shipping Act be amended to
read:

"Canadian shipping" instead of "British shipping"
and that the definition of the section be amended
accordingly. It is our position that from the time
the seaway is developed onwards, that only Canadian
ships should trade between Canadian points on the Great
Lakes, and our submission applies only to the inland
waters of Canada as defined by the Canada Shipping Act,
Section 2 (41). That is the Great Lakes and including
the St. Lawrence River; as far as the seaway is con-
cerned a line drawn from Cap des Rosiers through
West Point Anticosta Island extending to the North
Shore.

We do not ask for any restriction of the trade
in any other part of Canada, and it will be our posi-
tion that the Great Lakes constitute a peculiar
problem in that at the present time it is the only
part of this country that has a native flourishing
shipping industry unassisted by any Government
grants and entirely run and financed by private enter-
prise.

We ask also, as the second part of our sub-
mission, that a treaty be negotiated with the United
States of America which will look towards the



1 restriction of the trades boundaries in territorial
2 waters of the two countries to ships of Canada and
3 the United States as defined in the written submis-
4 sion, Appendix 1.

5 We believe that it is entirely open to the
6 United States and Canada to so deal with their terri-
7 torial waters that the essential bulk trade shall not
8 pass to the hands of foreigners, and that Canadian
9 and American enterprise be thereby destroyed. It is
10 our position, Mr. Chairman, that unless the coasting
11 trade in the inland waters be restricted to Canadian
12 ships, that our present flourishing trade will be
13 destroyed. And further, Mr. Chairman, we believe
14 that it is better to consider these matters now than
15 to get into the faulty business of locking the stable
16 door after the horse has gone. We do not want to
17 have an industry that is destroyed and gone and sub-
18 ject to, perhaps, a future Government inquiry as to
19 what measures ought to be taken to replace it.

20 Our reasons for saying that it will be des-
21 troyed are these: first, that the comparative build-
22 ing costs in Canada compared to the United Kingdom
23 or any other foreign yard are entirely different.

24 The Commission has heard from the Shipbuilding
25 Association of some figures. I think it was said
26 that it cost at least forty percent more to build
27 a ship in Canada than it does in the United King-
28 dom, and even in that country the competitive situa-
29 tion with Germany has, of course, become acute.
30 The plain fact is that German workers work harder.



1 Secondly, our running costs from day-to-day
2 paid in Canadian wages are much higher than of the
3 United Kingdom, so in that manner they might enter
4 into this trade; and thirdly we say that the seasonal
5 operations of our ships are such that it imposes a
6 handicap. We have at the most eight or nine months
7 of operation in each year during which we have to
8 move peak cargoes, and our ships are laid up for the
9 remainder of the year, and of course, offer no return
10 on the investment. Our ships belong to the Lakes.
11 They stay in the Lakes and they are the same ships
12 that made it possible for this country to enter into
13 the bulk export of wheat. Without the Great Lakes
14 trade and the channels that connect the various Lakes
15 it would have been impossible for this country to be
16 a world competitor in the wheat market.

17 In addition to the grain trade, our vessels
18 carry coal which is required by the industry in Canada;
19 and we carry iron ore which is required by our steel
20 mills; and some of our members are in the package
21 freight trade, so-called. I think you, Mr. Chair-
22 man, have heard from other witnesses that they pro-
23 vide more than a competitive service up the Great
24 Lakes to Fort William. Ordinarily at the present
25 time two companies are actively in the package
26 freight trade. Of course, they are subject to the
27 regulations under the Transport Act and must pub-
28 lish their rates, as I think some of the witnesses
29 thought everybody should do.

30 Our fleet at the present time is in a healthy



1 condition and represents an investment of roughly
2 \$123 million, which is financed by Canadian citizens
3 and secured by long-term loans and the various methods
4 of financing that are used in this country. All of
5 our companies are Canadian and I believe that a major-
6 ity of their ownership is Canadian.

7 In my written statement I used a slightly differ-
8 ent figure for the value of the fleet, calculated on
9 the basis of \$195 per gross ton, that is actual money
10 at that time, but since then we have considered some
11 other questions and the total insured value of eighty-
12 two percent of the fleet is \$174,926. I think it is
13 safe to say that the possible value per ton of Great
14 Lakes Fleet is roughly \$215 per gross ton. It is
15 always difficult to estimate the value of ships be-
16 cause, of course, at times they have no value at all,
17 depending upon the trade that is offered to them.

18 Now, it is our position that the coming of the
19 seaway, which is being created largely by Canada,
20 poses a new problem to the Great Lakes owner in that
21 for the first time it will be possible for large
22 vessels to get into the Lakes and it will be possible
23 for large vessels to get out of the Lakes. Nothing
24 which we submit refers in any way to the restric-
25 tion of direct import and export cargoes. If it
26 be technically possible for British or foreign ships
27 to go to the lakehead and there to load grain there
28 is nothing in our submission that would prevent it
29 if they are capable of competing with us in that
30 trade, we are prepared to meet them.



1 When the seaway is built many of the present
2 Great Lakes vessels may not be so suitable for econ-
3 omic operations as they have been in the past. That,
4 of course, is a matter of opinion as to which I will
5 call some witnesses, but I think it is safe to say
6 that it is more profitable to operate a larger sized
7 vessel with approximately the same size crew, and for
8 these ships to go down to Montreal and below carrying
9 grain, and to look forward to carrying iron ore back
10 up the Lakes.

11 It is our belief that it is only natural and
12 proper that Canadian shipowners should be able to
13 look forward to carrying some of their own extractive
14 products, in this particular case, iron ore. We do
15 not believe that so essential a trade should pass to
16 the flags of Liberia and Panama.

17 In future we must replace some of our vessels
18 in order to compete with and provide low-cost service
19 on the Lakes, we must have what I may term "the ac-
20 quiring of investment", so that a shipowner is en-
21 couraged to invest what in this case amounts to
22 \$5 million or \$6 million per ship and he has some
23 prospect of return.

24 At the present time, as we hope to show, the
25 grain and other rates on the Lakes are stable, have
26 always been stable. They have never been subjected
27 to the wild fluctuation of ocean tramp tonnage. We
28 believe the Western farmers and those who control
29 their trade should be able to look forward to steady
30 rates which, of course, are controlled in any event

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1 by the Board of Grain Commissioners.

2 It is a competitive business and all of the
3 member companies that I represent are fiercely com-
4 petitive, but in any event they are subject to the
5 control not only of the Board of Grain Commissioners
6 on rates, but to what is known as the Ship Controller
7 under the Transport Act, whose powers are formally
8 derived from the Emergency Powers Act. He has the
9 legal right to require any of my clients to cease
10 and desist from any trade they are in and provide
11 vessels for the grain trade.

12 Further, Mr. Chairman, we say that the bulk
13 carriage trades are part of the essential transpor-
14 tation network of the North American Central Basin.
15 It is our belief that neither we nor the United States
16 can afford to have that essential trade pass to foreign-
17 ers.

18 The position has been taken here by a pre-
19 vious witness that the United Kingdom ships should
20 be able to earn dollars in order to buy some un-
21 specified Canadian products but, Mr. Chairman, the
22 United Kingdom ships have never been in this trade
23 and we are not asking that anything be taken away
24 from them that they have now. They have never
25 tried to compete in the past and we are not now
26 proposing that something be taken away from them.

27 It is our simple position that Canadian
28 monies are building the seaway and it is only just
29 and proper that Canadians should be heard as to
30 the preservation of the trade that has grown up and



1 now exists behind the operators of the St. Lawrence
2 River rapids.

3 Anything we propose is in line with the poli-
4 cies adopted by this country in the past, which has
5 done a great deal for the railroads of the country,
6 which has provided us with policies and which has
7 always, from the time of Confederation, been interest-
8 ed in transportation matters because all the wellbeing
9 of the country depends on transportation.

10 It is our position that we make no particular
11 point that the requirement of National Defence alone
12 should give consideration to the preservation of this
13 trade. Not only did the Great Lakes ships carry an
14 unprecedented amount of goods during the war, but
15 they supplied a pool of trained seamen, and since the
16 birth of our ocean fleet, which is practically non-
17 existent, they represent the only major shipping
18 enterprise in this country.

19 All of the vessels that my clients own were
20 purchased by them, financed by them, and they have
21 been given no assistance by the Government in any
22 way except such assistance as you may find under
23 the Vessel Construction Assistance Act, which is
24 merely a matter of depreciation. Unlike my friend,
25 Mr. Fisher, our vessels were not built by the
26 Canadian taxpayer. They were built by the indivi-
27 dual owners. They are maintained by them and they
28 are run by them for a profit.

29 Now, the nature of the grain trade alone
30 calls for three separate things, all of which are



1 essential to the farmers and those who control their
2 business. Firstly, the grain is always moved in the
3 peak seasons so that large volumes of shipping has to
4 be provided at a certain time of the year in order to
5 move the grain quickly enough and to supply the essen-
6 tial elevator space from which the farmer can pro-
7 bably make more money.

8 Secondly, our fleet over each winter stores on
9 holds cargoes of at least twenty-five to twenty-six
10 million bushels, which is an essential service to
11 the Western farmer and without which there would be no
12 elevator space in the West for him to get his grain
13 into storage and to get some part of the money that
14 the Government agency owes him.

15 Further, the Shipping Controller has the power
16 to direct us to drop any trade in which we are en-
17 gaged and bring our vessels forward to get the grain
18 trade.

19 I have mentioned the package rates on grain
20 are stable. One of our exhibits will show, Mr.
21 Chairman, that the rates today in real money, that is
22 to say the kind of money that buys you something,
23 are almost the same as they were twenty years ago.

24 As far as the iron ore trade is concerned,
25 our member companies haul and supply all the neces-
26 sary ores for the Steel Mills of Canada, and these
27 mills have to plan their production for many months
28 ahead so that there is a sufficient stockpile of
29 iron ore and coal available at all times, and only
30 the native bulk trade service can supply these



1 steel mills with the services they need.

2 The greater part, of course, of the Great
3 Lakes trade in the American Coast is the hauling of
4 iron ore from the Mesabi Ranges down to Cleveland and
5 Lake Erie ports, and of course that is a trade which
6 our ships have never had except by executive pro-
7 vision during the late war, because the United States,
8 now as always, and for more than one hundred years,
9 protects its nationals in their own coasting trade.

10 I have to say, Mr. Chairman, that Australia,
11 which is the nearest Commonwealth country in point of
12 distance and similar conditions, has protected its
13 coasting shipping by adequate measures, sufficiently
14 adequate that in the opinion of our correspondents
15 they are one hundred percent effective. Furthermore,
16 Section 92 of the Commonwealth of Australia Consti-
17 tution Act prevents Australia from enacting the kind
18 of legislation for which we are asking here because
19 under Australia's constitution no barriers can be
20 placed on any inter-state trade.

21 Some of those who have appeared before this
22 Commission have advocated somewhat similar laws to
23 Australia, and I ask leave to point out, Mr. Chair-
24 man, that Australia does not have the same kind of
25 constitution as Canada, and the only way they can
26 regulate their coasting trade is by the license
27 system.

28 Now, as to the treaty for which we ask with
29 the United States I can say nothing more, Mr. Chair-
30 man, than that we ask it may be recommended.



1 It may seem to be a large step but I think
2 that history clearly shows that the United States and
3 Canada have always acted together by way of treaties
4 for the preservation of matters of mutual interest
5 on the Great Lakes. They are not the high seas.
6 They are the territorial waters of Canada and the
7 United States, and further, they are the waters of the
8 Provinces of Ontario and Quebec and the littoral States
9 of the United States. The boundaries of Ontario run
10 to the international line as do the counties of
11 Ontario. As recently as 1952 ---

12 THE CHAIRMAN: What is the basis for that
13 submission, as do the counties? Do you mean to say
14 a county which is roughly twelve, fifteen or twenty-
15 five miles south of Whitby ---

16 MR. GERITY: Under the Territorial Division
17 Statute, my lord, all the counties of Ontario go to
18 the international line.

19 THE CHAIRMAN: What is the statute?

20 MR. GERITY: The Territorial Division Act.

21 THE CHAIRMAN: What is the application of
22 that?

23 MR. GERITY: Well, I point out that Act for
24 this purpose ---

25 THE CHAIRMAN: What is the purpose of the
26 statute?

27 MR. GERITY: My submission is this, these
28 are all domestic waters.

29 THE CHAIRMAN: You have the international
30 boundary line running down the centre with Quebec



1 on the one side and the U.S. on the other side, so
2 they are all territorial waters. There is no inter-
3 national waters in the Great Lakes, of which I have
4 ever heard.

5 MR. GERITY: That is my position, Mr. Chair-
6 man, but I wish to point out to this Commission it
7 is entirely open to this country to enter into treaty
8 relations with the United States as to these waters,
9 which are domestic waters, and from an international
10 legal point of view there is nothing whatever to pre-
11 vent it. That was my only object in pointing out
12 that the boundaries, for instance, run to the inter-
13 national line and that this trade of which I speak
14 is as much domestic trade as protecting an industry.

15 COMMISSIONER WICKWIRE: Has anyone suggested,
16 Mr. Gerity, that there is some opposition to the
17 United States and Canada negotiating?

18 MR. GERITY: It has been suggested, sir,
19 most favoured nation treaties have clauses in them
20 that prevent us from doing what I am recommending.

21 It is my position that in international law
22 there is nothing in any favoured nation treaty which
23 prevents us from doing what I recommend, and that
24 is that Canada and the United States act together
25 in concert to protect their domestic trade.

26 I have here, Mr. Chairman, a proposal which
27 was placed before the President of the United States
28 in 1953 which resulted in the resolution of Mr.
29 Senator Potter, to which I have made reference
30 in my brief and I have given you one copy, Mr.



1 Chairman, and I would ask leave to file it.

2 THE CHAIRMAN: That resolution has been with-
3 drawn.

4 MR. GERITY: Well, the legal position, Mr.
5 Chairman, is this: that if a resolution is not acted
6 upon in a session of Congress it is dead, so that
7 Senator Potter's resolution was not acted upon because
8 at the time it was introduced, I am informed, he be-
9 came very heavily engaged with Senator McCarthy in
10 an investigation at that time and the resolution was
11 not acted upon.

12 This proposal I have here, Mr. Chairman, was
13 placed before the President of the United States. I
14 am informed that he received it with interest and I
15 would like to file it, if I may.

16
17 ---EXHIBIT NO. 7: Supplementary Submission by
18 Dominion Marine Association.

19 ---EXHIBIT NO. 8: Copy of proposals for a Great
20 Lakes treaty between the United
21 States and Canada.

22 MR. GERITY: Mr. Chairman, there are two more
23 points I would like to cover before calling wit-
24 nesses, and the first is that if our submission
25 cannot be recommended, I think it is safe to say that
26 the Canadian taxpayer will have to, in the future,
27 provide himself with a Great Lakes Fleet. I do not
28 think any country such as this can afford to have
29 such an essential trade passed to the hands of
30 anyone, even including our good friends of the United
Kingdom.

It is my position, as I have already pointed



1 out in my submission, that there is nothing whatso-
2 ever in the British Commonwealth Shipping Agreement
3 that prevents us from acting in the way that I pro-
4 pose.

5 Further, it is quite clear that the Canadian
6 delegation at this meeting had firmly in mind that
7 the Great Lakes was a separate problem and they so
8 stated on the floor of the Westminster Hall that Canada
9 reserved the right on signing the Agreement to treat
10 the Great Lakes as a separate problem.

11 In the international convention concerning the
12 safety of life at sea and kindred matters Canada has
13 always accepted the Great Lakes -- even the very im-
14 portant Maritime convention of 1910, which is present-
15 ly reflected in the sections of the Canada Shipping
16 Act, was not made applicable to the Great Lakes be-
17 tween 1911 and 1934 because they had decided to keep
18 in equal steps with the United States as to the
19 division of damages in collision between ships.

20 I think it is clear that even so recently as
21 1952 when we entered into a treaty with the United
22 States which provided for radio-telephones for each
23 ship, that is the further example of the fact that
24 this country has always been motivated to treat the
25 Great Lakes separately and has always co-operated
26 to the greatest extent with the United States in
27 providing for facilities of navigation and safety
28 on the Great Lakes.

29 Nothing that we propose affects in any way
30 the trade of Newfoundland or the cost of living



1 in that country. We ask only that trade be restricted
2 within the borders of the inland waters of Canada.
3 Insofar as there is trade with Newfoundland, water-
4 borne, nothing that I suggest would interfere with it.

5 THE CHAIRMAN: Whether it commences, for
6 instance, as Hamilton or not?

7 MR. GERITY: Well, Mr. Chairman, if there is
8 trade from Hamilton or Toronto to Newfoundland which
9 passes beyond the limits we have arbitrarily set,
10 that is to say the Cap des Rosiers, then that is trade
11 outside our proposals. Frankly, our trade is the
12 bulk trade with the exception of two companies who
13 are in the package freight business and subject to
14 regulations of the Board.

15 THE CHAIRMAN: What are those two companies
16 on your list?

17 MR. GERITY: I cannot be perfectly accurate
18 about this, Mr. Chairman, but to my knowledge Canada
19 Steamship Lines and Northwest Steamships are the
20 only companies which actively pursue the package
21 freight business. It is done by license and to
22 the best of my knowledge they do not engage in
23 trade.

24 THE CHAIRMAN: It is a very small part of
25 Canada Steamship Lines.

26 MR. GERITY: Well, I would not say that,
27 Mr. Chairman. They have just built the most
28 modern and fastest ship on the Great Lakes for
29 that freight.

30 THE CHAIRMAN: That may be but it is about



1 ten percent of it.

2 MR. GERITY: It is quite a small proportion of
3 the trade as a whole.

4 THE CHAIRMAN: Is it by far the smaller part
5 of their total trade?

6 MR. GERITY: That is correct, Mr. Chairman.

7 Speaking as to Newfoundland, Mr. Chairman,
8 it is also my position that nothing we propose will
9 interfere in any way with any trade that is enjoyed
10 by the Maritime Provinces. If they wish to ship
11 coal or other products up-river, nothing that I pro-
12 pose will interfere with it.

13 MR. MUNDELL: May I ask one question?

14 THE CHAIRMAN: Yes, certainly.

15 MR. MUNDELL: I was wondering about this
16 point mentioned in Appendix 1B which in a sense sup-
17 ports the explanation of that point. Is that aban-
18 doned?

19 MR. GERITY: I am prepared to abandon that
20 completely.

21 Furthermore, Mr. Chairman, I think it is
22 safe for me to say that one of the greatest sources
23 of employment for Newfoundland and the Maritimes
24 men is the Great Lakes Fleet. It is now the only
25 place they can find employment outside of, I sup-
26 pose, the Canadian National, sir, which I presume
27 is a company that does not have to show a profit.

28 Further, our position is we render an essen-
29 tial service to the Western Provinces and if this
30 fleet is not efficient, we will suffer; and if it



1 is possible for the United Kingdom or foreign ships
2 to go to the Lakehead and haul grain, there is nothing
3 in what we propose that would prevent them. If they
4 can competitively come in and load grain for direct
5 export at the Lakehead, then that is something that
6 we have to put up with.

7 Further, of course, it is perhaps needless for
8 me to say that nothing we propose interferes in any
9 way with the West Coast. Such grain as is shipped on
10 through the West Coast operates under a preferential
11 railroad rate and is some trade that we do not have
12 and do not complain about.

13 THE CHAIRMAN: You refer to the West Coast.
14 Is that inter-coastal?

15 MR. GERITY: I mean, yes, inter-coastal trade
16 of British Columbia.

17 THE CHAIRMAN: What of the inter-coastal?

18 MR. GERITY: Well, Mr. Chairman, as far as
19 I know the only East and West Coast there has been
20 in this country, I may be wrong about it, was built
21 built up by a subsidiary of the Aluminum Company,
22 which I think was the hauling of heavy machinery
23 to the West Coast. Whether or not these ships
24 continue competitive operation, I do not know, but
25 certainly there is nothing in our proposals that
26 would interfere in any way with that trade.

27 It is my belief, I am open to be corrected,
28 that was a trade built up by a subsidiary of the
29 Aluminum Company of Canada.

30 With your permission, Mr. Chairman, I would



like to call my first witness.

THE CHAIRMAN: Yes.

MR. GERITY: Professor McDougall.

JOHN LORNE McDOUGALL, called.

THE CHAIRMAN: Proceed, then.

MR. GERITY: Q. Prof. McDougall, you are
a Professor of Economics at Queen's University?

A. Yes, sir.

Q. And you have been a teacher of long-
standing in Economics and Commerce?

A. Yes.

Q. You hold the degree of Master?

A. From the University of Toronto, yes.

Q. You have done post-graduate work at
the London School of Economics and Harvard University?

A. Yes, sir.

Q. Prof. McDougall, I am looking at our
Supplementary submission, page 6, which is a table of
the contents of some exhibits. Turning to the
first of those, which I have entitled Exhibit 3 on
our submission ---

I would ask, Mr. Chairman, that the whole of
this supplemental go in as an exhibit.

THE CHAIRMAN: It has already been marked as
an exhibit.

MR. GERITY: I take it, Mr. Chairman, that
the submissions on the first five pages as to what
the Association is may be taken as read.

THE CHAIRMAN: Yes.



1 MR. GERITY: I had intended to call a witness
2 in relation to that, but unfortunately there was a
3 death in his family yesterday and he had to go home.

4 MR. GERITY: Q. Exhibit 3 on page 7, Profes-
5 sor, did you prepare that exhibit?

6 A. I did.

7 Q. Would you tell us briefly what it is
8 intended to show?

9 A. It is intended, sir, to show the extent
10 to which the tramp ship rates vary over time. I
11 think it may be simplest and easiest to look at the
12 two graphs which show, first of all, the tramp shipping
13 rates between 1929 and 1938, on the basis that 1935
14 equals 100, you will notice it drops from 150 to
15 about 87 and then rises to better than 200 in 1937,
16 and then within a short space of about nine months it
17 drops from 200 to 125.

18 The tramp shipping is known as a market which
19 shows a remarkable capacity to move very rapidly
20 within a very short space of time. Graph 3-2 does
21 the same thing for the period from 1948 to April,
22 1955. I think it is interesting to notice that
23 you move from about 60 in May, 1950, to 185 by
24 May, 1951. Those are really quite extraordinary
25 movements.

26 Q. Generally speaking, just briefly look-
27 ing at these two graphs, 3-2 and 3-1, can you say
28 that the ocean tramp rates fluctuate widely?

29 A. Very widely, yes, sir.

30 Q. If we may pass on to Exhibit 3,



1 Professor, at page 10, that is the table designed to
2 show in table form the same information as you have
3 submitted on the graph, but which is from just in
4 respect to the years 1929 to 1938. Table 3-2 is
5 also the tabular form of the same information.

6 A. For the period 1948 to the present, yes.

7 Q. The data that you prepared in these
8 exhibits, where did it come from?

9 A. The original source was the Chamber of
10 Shipping of the United Kingdom, the proximate source
11 is the Annual Abstract of Statistics and the Monthly
12 Digest of Statistics, which is a monthly interim
13 publication.

14 THE CHAIRMAN: Q. That is only after the
15 latter years, according to your note. The earlier
16 years were from the Canadian Maritime Commission.

17 A. Yes. Mr. Schuthe gave me the figures,
18 having drawn them from the United Kingdom Chamber of
19 Shipping. I was condensing the explanation.

20 MR. GERITY: Q. Now, passing to Exhibit 4,
21 Professor, that is on page 13, can you tell us
22 briefly what that table 4-1 is intended to show?

23 A. This is an attempt to explain how the
24 index is made up. It is based on seven major
25 trades and to show also that movements within any
26 one trade may be markedly different from that of
27 the others. For example, at the bottom of the
28 page, in December, 1952 you have a range from 77
29 in fertilizers there to 110 in sugar, and so it
30 runs with these different trades which have different



1
2 prices depending, of course, on the supply and demand
3 in shipping in trade positions, but that all-inclusive
4 index which was in Exhibit 3 is subject to very wide
5 variation on the basic data.

6 Q. Turning to page 15, table 4-2, Professor,
7 can you give us a brief explanation of what is meant
8 by the coefficient of variation of the sub-indices.

9 A. Yes, sir. What I wanted to get was
10 one single figure for each month which would show
11 how widely the annual indices vary from their inward
12 mean and I used a very common statistical device of
13 taking the root mean square which is generally called
14 a standard deviation. The formula is on page 16
15 and you can see generally that on a large population,
16 a large statistical population, you will find practi-
17 cally all comes within three units of standard de-
18 viation, so that looking down this list you would
19 say that approximately the normal expectation on
20 recent experience would be to have a rate of about
21 thirty percent. For an indices at 100 the extreme
22 rate would be about from 70 to 130, but in periods
23 of great disturbance it may very well go far beyond
24 that.

25 Q. Turning to page 17, Professor, that
26 is Exhibit 5, dealing with Lake freights on
27 Canadian wheat, you prepared this data, did you
28 not?

29 A. I did, sir.

30 Q. Can you tell us briefly what it is
intended to show by that exhibit?



1 A. The intention was, sir, to see what the
2 long period movement for the grain rate was. These
3 data are prepared by the Board of Grain Commissioners
4 in its form for the Canal Statistics, and it is nearly
5 a perfect statistic because every movement is reported,
6 the number of bushels, the total charge and the same
7 freight charges and the same number of bushels.
8 There you have the weighted average cost.

9 What I have done in table 5 on page 18 is to
10 show the annual averages over a period of twenty
11 years, first of all in current money, and second, as
12 deflated by use of the general wholesale prices index.
13 I point out that while the general inflation has
14 affected the price in current money in roughly
15 standard dollars -- I do not put forward in the third
16 column anything more than a rough correction, but in
17 roughly standard dollars the charge in 1954 was about
18 as low as at any time in the last twenty years.

19 Actually, while I have not shown the figures
20 here, it is within a hair's breadth of being as low
21 as at any time in the last forty years.

22 Q. Dr. McDougall, turning to the graph
23 which is shown as 5-1, the lower outline, does that
24 show the relative grain rates from 1937 to 1953 in
25 the money of 1935 to 1939?

26 A. From 1935 to 1954, sir.

27 Q. What does that indicate to you as to
28 the stability of rates?

29 A. It seems to me, sir, it shows two
30 things. First of all, there has been a remarkable



1 constancy in the real charge, which is also corrected
2 for in the purchasing power of money; and secondly,
3 there has not been the wild gyrations you have seen
4 in the tramp ship rates.

5 Q. Turning to exhibit 6 on page 20, Dr.
6 McDougall, you have prepared a figure here which shows
7 that the per ton mile rate from the Lakehead to
8 Georgian Bay Ports, and what does that work out to?

9 A. It comes out to .178¢ per ton per mile.

10 Q. You have also prepared a figure per
11 ton mile from the St. Lawrence to United Kingdom Ports,
12 and what does that work out per ton?

13 A. .211.

14 Q. How would you say the Lake rate com-
15 pared to the ocean rate?

16 A. That ocean rate was just the per ton
17 mile. This is the net rate to the ship after you ad-
18 just for trimming and other charges, the ocean is 18%
19 above the Lake rate per ton mile.

20 Q. Of course, the ocean distance is a great
21 deal longer than the distance from the Lakehead to
22 Georgian Bay, is it not?

23 A. Very much so, sir, better than six
24 times.

25 Q. Looking at Exhibit 7, Dr. McDougall,
26 these are figures of the number of cargoes shipped
27 from the Lakehead by registered vessels commencing
28 in 1945 to the present time, and roughly what does
29 that tabulation indicate?

30 A. It shows that the percentage of the



1 number of cargoes moving in Canadian bottoms is higher
2 in point of haul and rising.

3 Q. So that that figure there is 95.6% in
4 Canadian bottoms?

5 A. Yes.

6 Q. Turning to table 7-2, that is much the
7 same information in a different form, is it not?

8 A. It gives the number of bushels rather
9 than the number of cargoes.

10 THE CHAIRMAN: I do not follow this. I do
11 not follow the 95.6%.

12 MR. GERITY: It is a comparison, Mr. Chairman,
13 of the cargoes moved from the Lakehead by Canadian
14 ships; starting in 1945, we carried 63.4% in 1945, and
15 we carried 95.6% in 1954. Table 7-2 was intended to
16 show ---

17 THE CHAIRMAN: So in short in 1945 95.6% was
18 carried in Canadian bottoms.

19 PROF. McDOUGALL: It was 95.6% with the lar-
20 ger number of vessels moving in table 7-1. 7-1 is
21 the number of vessels.

22 THE CHAIRMAN: 4.4 and 95.6 added together
23 makes ---

24 A. 100.

25 THE CHAIRMAN: Q. So no grain moved from
26 Fort William in vessels of other than Canadian or
27 United States registry in 1954?

28 A. I think not, sir. If there was, it
29 was of a very minor amount.
30



1 THE CHAIRMAN: Q. So in 1954, at any rate
2 until the seaway opens, there is practically no through
3 shipment of grain?

4 MR. GERITY: That is correct, Mr. Chairman.
5 I think I am safe in saying there are one or two small
6 foreign shipments that ran between the Lakehead and
7 Lake Michigan. They are the only ships about which
8 I know which have been in the trade. I think they
9 carried barley.

10 MR. GERITY: Q. Dr. McDougall, looking at
11 Exhibit 8, this is the tabulation of the winter
12 storage of grain. Can you tell us roughly what that
13 table 8-1 shows?

14 A. It shows the amount of storage which
15 is held for various ports upon the Lakes, the amount
16 of grain held in storage aboard vessels for unloading
17 through the winter.

18 Q. So that figure for 1954 is 26.2 million
19 bushels.

20 A. In Canadian vessels.

21 Q. Where did you get these figures from?

22 A. They came from the Annual Report of
23 the Lake Carriers Association. It is a secondary
24 source which draws from the Board of Grain Commis-
25 sioners in respect to that figure.

26 MR. GERITY: Mr. Chairman, I would like to
27 put in the Annual Report of the Lake Carriers
28 Association, since you may wish to study and con-
29 sult the figures. They provide the organization
30 and they maintain an adequate statistical staff to



1 keep the figures on the Great Lakes traffic.

2 ---EXHIBIT NO. 9: Annual Report of the Lake Carriers
3 Association.

4 MR. GERITY: Q. Dr. McDougall, speaking
5 again of these 26.2 million bushels, can you tell us
6 whether the farmer receives any money for these
7 bushels?

8 A. Under present conditions the money flow-
9 ing to farmers is governed by elevator space. The
10 more space that is clear the more our farmers are
11 allowed to deliver. Therefore it is a valuable ser-
12 vice. It means that the grain going to vessel
13 storage at the end of the shipping year makes it pos-
14 sible to deliver this very shortly after instead of
15 waiting till after the new grain year opens and space
16 is made available by movements.

17 Q. I take it, then, if there was no active
18 Canadian fleet there would not be any storage space?

19 THE CHAIRMAN: No.

20 THE WITNESS: I would think it most unlikely,
21 yes. If ocean ships were moving here they would
22 move up, they would not be available for final
23 storage in winter.

24 THE CHAIRMAN: Q. There would not be any
25 storage space in ships. I think you will agree
26 with Mr. McLagan that if \$5 million or \$6 million
27 buys a boat it is pretty expensive storage space.

28 A. Oh, yes.

29 THE CHAIRMAN: Q. So instead of building
30 new ships you can build cement elevators without



1 too much difficulty.

2 A. I do not want to appear like an expert
3 on ship construction, but is it not because they move
4 on the Lakes construction has to be of a larger carry-
5 ing capacity, very much higher than any ocean ship
6 would get out of the same dimension?

7 THE CHAIRMAN: Q. Their storage capacity is
8 very much smaller than shore elevators.

9 A. Yes.

10 THE CHAIRMAN: Q. So that I suggest to you
11 the element of providing storage space during the
12 winter in bottoms if a fairly unimportant part of ---

13 A. It is a supplementary service. I ques-
14 tion whether it is unimportant.

15 THE CHAIRMAN: Q. How much is 26 million in
16 the annual movement of grain?

17 MR. GERITY: Mr. Chairman, I submit, with res-
18 spect, that the capability of storing 26 million bushels
19 of grain every year is quite essential to the country.

20 THE CHAIRMAN: Q. How much is 26 million to
21 the annual grain moved?

22 A. Well, it is in the order of perhaps
23 8%, 6 to 8.

24 THE CHAIRMAN: Q. 6 to 8% is a comparative
25 figure. How much is stored in the Terminal ele-
26 vators in the Great Lakes area, because all these
27 ships are in the Great Lakes area, are they not?
28 Most of them, as a matter of fact.

29 A. I have not got the total elevator
30 capacity in my mind. I wonder if one of your



1 members could supply it?

2 MR. GERITY: About 54, we think, Mr. Chairman.

3 THE CHAIRMAN: Q. So there is about 56%
4 additional winter storage space in the Great Lakes
5 by use of elevators.

6 A. On those figures, yes.

7 MR. GERITY: Further, Mr. Chairman, in
8 addition to storing grain, as you will hear from other
9 witnesses, ships are available to move alongside of
10 elevators at any time they are called for. It is
11 not just a question of dead storage alone. Throughout
12 the winter ships are constantly moving from elevators
13 when grain is required.

14 MR. GERITY: Q. Dr. McDougall, I do not want
15 to take too much time.

16 A. Yes.

17 Q. Exhibit 9 of the table is showing the
18 movement of iron ore to and from Canadian Great Lake
19 ports in 1953, and can you tell briefly what that
20 exhibit purports to show?

21 A. This exhibit shows that most of the
22 movement of iron ore upon the Lakes is an internation-
23 al movement. For good technical reasons most of
24 the ore produced in Canada is sent to the U.S. Great
25 Lakes ports and most of the ore used in Canada
26 comes from the U.S. Great Lakes ports so that it
27 is preponderantly international. It is not a
28 coastal movement. It is not domestic movement.

29 THE CHAIRMAN: Q. Well, we have not heard
30 from any witness any technical reason.



1 A. I would suggest them, sir.

2 MR. GERITY: As to why we do not use our own
3 iron ore?

4 THE CHAIRMAN: Q. Why ^{do} we take from the Mesabi
5 Range rather than Steep Rock and Ungava.

6 A. Because Steep Rock is a very high-grade
7 ore. It is a grade -- part of it is lump ore, which
8 is the higher value.

9 THE CHAIRMAN: Q. So it pays us to sell that
10 and bring in ore of a lower-grade.

11 A. Yes. It is valued on account of its
12 higher grade. It is higher than the normal commer-
13 cial basis of 51½%. Consequently being lump ore it
14 can be used in steel furnaces rather than blast
15 furnaces. It is a mixing ore very much in the same
16 way our No. 1 Northern is a mixing wheat. Similar
17 to the Algoma sintred ore has very special qualities.

18 THE CHAIRMAN: Proceed.

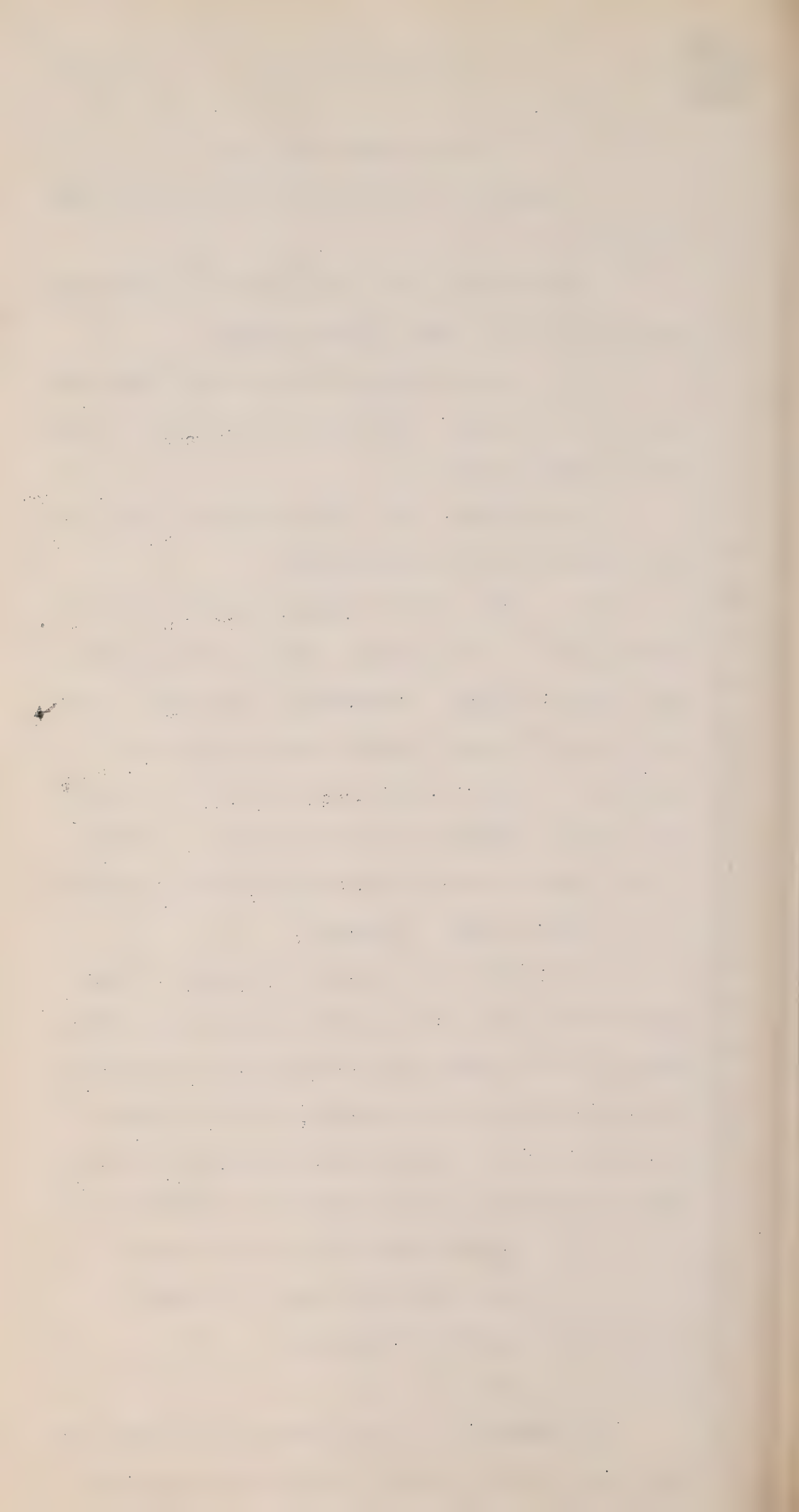
19 MR. GERITY: Q. Well, it is only a formal
20 matter but I would like to ask Prof. McDougall this.
21 Doctor, you have seen our principal brief which con-
22 tains statistics of one kind and another as Appen-
23 dix 2 and so on. Can you tell us whether you have
24 had any opportunity of checking any of those figures?

25 A. I have checked them for accuracy.

26 Q. Your opinion is that the figures
27 given in our Appendix are accurate?

28 A. Yes.

29 MR. GERITY: I do not want to be tedious, Mr.
30 Chairman, but as a matter of general interest and





1 to show the volume of the trade of what is carried
2 and proceeds to and from on the Lakes, it is roughly
3 200 million tons a year, which is a considerable busi-
4 ness. I submit, with respect, essentially that in
5 North America none of our industries can survive in
6 any way without that trade.

7 Your witness.

8 MR. MUNDELL: Q. On the question of stabil-
9 ity of rates, Dr. McDougall, I am not quite sure what
10 the significance of stability by itself is.

11 A. Well, it seems to me, sir, that other
12 things being the same, variability is a cost which
13 ultimately must fall upon the consumer of the service.
14 Therefore, if rates are stable it will probably be
15 to the advantage of those who use that service. In
16 many ways, first of all it is cheaper and easier to
17 finance if you do not face very wide shifts in rates
18 and probably over a time there will be more ships
19 available upon the Lakes because the rates are rela-
20 tively stable. If the risks were greater then in
21 the end fewer people could get money and build
22 ships.

23 MR. MUNDELL: Q. You said other things being
24 equal to stability. For instance, might the
25 rate be stabilized at a very high level or more
26 costly than the mere cost of operation?

27 A. It is possible, yes.

28 Q. But stability by itself brings in
29 some economics just by being stable.

30 A. Yes. That is especially true in



1 relation to a trade of this kind, where your fixed
2 costs are extraordinarily high. Fixed costs in the
3 sense of interest depreciation and the fact of keeping
4 the ship in operating condition whether it moves or
5 not.

6 Q. Therefore economically you maintain
7 that stability itself would be of a very commercial
8 advantage in financing and that sort of thing.

9 A. Yes. Secondly, in addition a trade
10 as variable as the grain trade, which is probably
11 cargo moving and of a major Canadian interest, it is
12 of advantage that traders can move knowing that the
13 rates are not going to double on them overnight.

14 Q. Again, other things being equal?

15 A. Yes.

16 Q. That would not be true of the ocean
17 part of the journey to the world markets?

18 A. No.

19 Q. Therefore it is not essential that
20 they be stable. It is obviously not, ordinarily.

21 A. It is not essential, no, but it is
22 of very great advantage to those in it if it is
23 so.

24 Q. Coming to Exhibit 6, if I may, the
25 figures firstly deal only with the carriage of
26 wheat or grain.

27 A. Yes.

28 Q. Just wheat?

29 A. Yes. You will understand, of course,
30 while I give wheat only and only to Georgian Bay



1 ports that the natural competition of the trade keeps
2 the rates to Georgian Bay in line with Port Colborne
3 and Kingston, and Prescott, and with other grains
4 as well. That is, the wheat does not move away from
5 the other grains and the various ports are held in
6 line with each other.

7 Q. That is a fairly representative figure
8 for the whole of the grain trade and for all opera-
9 tions of the grain?

10 A. Yes. I wanted it as simple as I
11 could, being reasonably accurate.

12 Q. .178 -- that figure is what?

13 A. This is the cost of net earning to
14 the ship per ton per mile.

15 Q. The net earning?

16 A. Yes. That is, you have a gross freight
17 rate of \$1.33. You have these loading charges, the
18 charges payable by the ship which bring you down to
19 95.8¢. It is that 95.8¢ divided by the distance
20 of 537 miles which is again the wheat figure drawn
21 from the records of the Board of Grain Commissioners.

22 Q. That is the net earning and the same
23 thing is true of the .211¢ per mile on the ocean?

24 A. Yes, those are both net earnings to
25 the ship.

26 Q. The net earning on which taxes are
27 charged to, is it?

28 A. Yes.

29 Q. It is not profit?

30 A. No, it is not profit.



1 THE CHAIRMAN: Q. The net receipts?

2 A. Yes, that is a much better word.

3 MR. MUNDELL: Q. Would you say it is a fair
4 question or would you not agree with this statement,
5 that in the grain trade on the Lakes, the Lake vessels
6 can compete very favourably with the ocean vessels.

7 Would you feel from that figure ---

8 A. As of today, yes, but if you will look
9 back to graph 3-2 you will see that the index is
10 now in the order of 110.

11 Q. 3-2, that is page 11.

12 A. Yes.

13 Q. Which figure is that?

14 A. I am looking at the right hand part of
15 the graph. You see there April 1955 was just on the
16 110 line.

17 Q. Yes.

18 A. If you will go back to April, 1954, it
19 was below 80.

20 Q. I am sorry, I have not got these
21 figures at all. What page are you looking at?

22 A. This is graph 3-2. I am reading the
23 figures off the graph and of course reading roughly.

24 Q. Yes.

25 A. You see on the right hand part of the
26 graph it is 110 as of April, 1955.

27 Q. Yes.

28 A. But to go back a year and you are some
29 place around 77.

30 Q. 110 appears to present a fair average,



1 does it not, right through?

2 A. If your range is between about 63 in
3 November, 1949 and 185 at May, 1951, the average is
4 not a very representative figure.

5 Q. So you say as of April, 1955 when your
6 table 6 was prepared it showed on that date the
7 Lake fleet could out-compete the ocean fleet.

8 A. Yes.

9 Q. And the year previously the situation
10 might have been reversed?

11 A. Not perhaps reversed but a spread in
12 favour of the Lakes might have been narrower, but I
13 do regard this as an extraordinary thing that you are
14 able to get such low-ton mile rates on such a short
15 haul.

16 Q. This is an average figure for the whole
17 of the existing fleet, is it?

18 A. It is an average of all movements of
19 wheat from Fort William, Port Arthur to Georgian
20 Bay ports, Goderich, and in some years Sarnia.

21 Q. You moved in all types of vessels that
22 are in the trade?

23 A. Yes.

24 Q. This might be a high figure in more
25 efficient vessels, would that be fair?

26 A. I would think at any moment of time
27 the charge would be the same regardless of the
28 type of vessel which you moved.

29 Q. I will put it this way. There might
30 be a higher profit value for a more efficient vessel



1 than there would be for a less efficient vessel.

2 A. That is possible, yes, and probable.

3 Q. So would it be a fair thing to say that
4 the charge could be considerably less for a more
5 efficient vessel? In other words, the less marginal
6 vessels operating in this which are at the moment
7 marginal in efficiency.

8 A. It all depends on how you handle the
9 depreciation. Your marginal vessels being almost
10 certainly old, may also be pretty well written off,
11 whereas you are still responsible for your capital
12 charges upon the line. I would rather a ship
13 operator answer that question.

14 Q. I was trying to get at the significance
15 of these figures.

16 A. Well, these are charges to the people
17 who ship wheat. They say nothing of what the net
18 profit is.

19 Q. As you said a moment ago, they cover
20 the whole fleet?

21 A. Yes.

22 Q. Mr. Kemp draws to my attention in
23 the chart, graph 5-1, in the Appendices --

24 A. Yes, sir.

25 Q. -- and points out to me that it is
26 not so that the Canadian charges have varied quite
27 considerably even on the Lakes; they have been
28 very much lower in terms of current money and in
29 1945 they were down. At the same time you are
30 pointing out they were lower; at the same time you^{are}



pointing out they were down on the ocean ones, so is there any correlation at all?

THE CHAIRMAN: Is that page 18?

MR. MUNDELL: Just ahead of Exhibit 6, which we considered a moment ago, Mr. Chairman.

Q. Would it be fair to say that you might conclude from this graph 6 -- 5-1, that the lower rates shown in terms of money in the preceding years, they might have been able to compete with the lower ocean rates?

A. I would think it possible.

Q. It is possible. You have not done any study on the non-bulk cargoes of a cargo similar to the charges in connection with grain?

A. No, sir, I have not.

Q. Would there be any necessary correlation at all, or can you draw any conclusion?

A. Well, I have not studied that matter. I probably should not speak, but I have always understood that the package freight moved at differentials under the railroad rate.

Q. What do you mean by that?

A. A different rate, a totally different rate.

Q. I am sorry I am not very economically sharp on questions like this. A differential under the freight rates, what do you mean by that?

A. Well, in relation to the wheat, as I understand it, the exporter will get quotes from the carriers in Winnipeg on cargo from, say, Fort William



1 to the Bay ports at a certain time and those will be
2 competitive quotes. Whereas in the handling of the
3 package freight the rate quoted will be the railroad
4 less so much depending upon the quotes.

5 Q. I am sorry. It was the word "rail" that
6 I missed. Just a differential under the rail rate?

7 A. Yes.

8 Q. So there is no correlation between this
9 figure and the charges made for package freights at
10 all, necessarily?

11 A. Only in the sense that we are in or
12 have been at least in an inflationary situation and
13 that as prices go up they may not move exactly in
14 step but they are all moving up more or less together.

15 Q. I am not quite sure whether I can under-
16 stand your answer. I am just wondering if this
17 charge -- I think I will drop this discussion. It
18 really shows the fleet is very efficient in the grain
19 trade. Can you draw any conclusion as to the effie-
20 ciency of the fleet in the package freight?

21 A. No, I could not. I have made no study.
22 You asked a question about correlation. Statisti-
23 cally there probably is a correlation, but I also
24 say it is not a significant correlation.

25 MR. MUNDELL: I take it any question rela-
26 ting to the operation of ships and so on, you are
27 not putting in Dr. McDougall to cover that subject?

28 MR. GERITY: No.

29 MR. MUNDELL: I do not doubt his experience
30 but I am just asking whether he is prepared ---



1 MR. GERITY: No, I called him only on the
2 figures in our supplementary submission to explain
3 them in any way the Commission may want. We have
4 shipowners and operators here who can speak to other
5 matters.

6 MR. MUNDELL: Those are all my questions,
7 Mr. Chairman.

8 THE CHAIRMAN: Do you wish to re-examine?

9 MR. GERITY: No, I don't. I just want to
10 put into the record, if I may, one or two matters to
11 do with the grain trade from a legal point of view.
12 It would not take me two minutes.

13 THE CHAIRMAN: Proceed then.

14 MR. GERITY: First of all, Mr. Chairman, I
15 would like to point out that ---

16 THE CHAIRMAN: Professor, you may stand down.

17
18 ---The witness retires.
19
20

21 MR. GERITY: The Inland Water Freight Rate
22 Act, R.S.C. 1952, Chapter 208, Section 1 provides
23 for regulation of Great Lakes carriers and the
24 most recent order is S.O.R./54/468 No. 19 which
25 sets the grain rate maximum. The Canada Gazette,
26 Part II, page 1407 dated at Winnipeg on the 28th
27 September, 1954.

28 Then I would like to refer to the Emergency
29 Powers Act, Transport Controller, Canada Gazette,
30 Part II, page 1139, S.O.R./57/515 of that Act. That



1 Act is no longer in force but it is the only example
2 I can cite to show that the Ship Controller has on
3 occasion and on that particular occasion directed
4 Canada Steamship Lines to cease and desist from carry-
5 ing iron ore and to get into the grain trade.

6 THE CHAIRMAN: Therefore the statute is no
7 longer in effect.

8 MR. GERITY: I have the present Act here,
9 Mr. Chairman. I merely wanted to point out this is
10 one of the only examples I could indicate to the Com-
11 mission where the Transport Controller has directed
12 someone to do something.

13 His powers can be derived from the Transport
14 Act, R.S.C. 1952, Chapter 271, Section 2 (d) (e),
15 Part II, Section 12 (5).

16 THE CHAIRMAN: May I have that reference again?

17 MR. GERITY: The Transport Act, R.S.C. 1952,
18 Chapter 271, Section 2 (d) (e), Part II, Section 12 (5).

19 Those are the powers of the Shipping Controller
20 and the former Act I cited was to show the only case
21 I can find of him actually stepping in by public
22 order.

23 THE CHAIRMAN: Surely during wartime it was
24 done.

25 MR. GERITY: Yes, it was, but I am speaking
26 of the present time, Mr. Chairman. I would like
27 to refer to the Department of Transport Act R.S.C.
28 1952, Chapter 171, Section 6 (a) as amended in 1953
29 (4) by Chapter 30, Section 1. That is the present
30 period.



1 I am sorry, I misquoted something. That is
2 the present power of the Governor General-in-Council
3 to make regulations for the purpose of ensuring the
4 prompt, efficient and orderly procedure by means of
5 ships of goods in bulk.

6 The last regulation made under that Act was
7 S.O.R.-54-213. P.C. 1954 - 807, Canada Gazette,
8 Part II, page 499.

9 Mr. Chairman, I would like to file with the
10 Commission, if I may, three summaries of proceedings
11 at the Imperial Conference in 1930 which resulted
12 in the British Commonwealth Merchant Shipping Agree-
13 ment. I would like to file the Commonwealth of
14 Australia Navigation Act, 1912-1953.

15 ---EXHIBIT NO. 10A: Report of Conference, 1929.

16 ---EXHIBIT NO. 10B: Imperial Conference, 1930.

17 ---EXHIBIT NO. 10C: Imperial Conference, 1930,
18 Appendices to the Summary.

19 ---EXHIBIT NO. 11: Commonwealth of Australia
20 Navigation Act, 1912-1953.

21 MR. GERITY: They are referred to in my
22 brief. They are all part of the same thing. They
23 are Cnd. 3718, 3717 and 3479.

24 The reason I file them, Mr. Chairman, is
25 that they are not very easy to obtain at the present
26 time and I know External Affairs may have them, but
27 it caused me considerable trouble to get a copy of
28 it. I think a lot of them were destroyed during
29 the war.

30 This is the Commonwealth of Australia Navi-



1 gation Act, 1912-1953.

2 When the Commission reaches Halifax I would
3 like to have permission to call the only surviving
4 member of the Canadian delegation to London in 1929,
5 Mr. Bercham.

6 THE CHAIRMAN: We will recess for ten minutes.

7
8 ---The hearing recessed at 11.30 A.M.
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(Page 382 follows)



1 MR. GERITY: Mr. Chairman, before calling my
2 next witness I would like to speak to one matter.

3 COMMISSIONER BELANGER: I was waiting until
4 Professor McDougall was here, I wanted to ask him
5 something.

6 MR. GERITY: If I may speak to one matter
7 before asking Professor McDougall to resume, I do
8 not want to take the time of the Commission up
9 reading a purely legal reference and I have here
10 which I had already handed to your counsel, a
11 second annotated copy of my own brief for the
12 Commission. This has, I think, all the relative
13 law that there is and I do not want to take your
14 time by reading a lot of tiresome ---

15 THE CHAIRMAN: If you have given it to Mr.
16 Mundell?

17 MR. GERITY: He has it now.

18 MR. MUNDELL: It occurred to me it is
19 unnecessary to mark it as an exhibit but it may be
20 worth while putting in the additional material in
21 the record for the benefit of other parties as
22 one bulk exhibit to this hearing. If Mr. Gerity
23 and I could get together we could have it put in
24 and marked as the next exhibit.

25 MR. GERITY: Part of it is the opinion of a
26 well known firm of solicitors in Melbourne,
27 Australia, as to the law of Australia and I would
28 like to hand your counsel a cable from them which
29 explains one point and they set out the relevant
30 cases and the sections of the Australian Act that



1 apply. As I said before, Australia has not the
2 same constitutional problems which we have. One
3 other item I would like to file before calling a
4 witness is a table of distances on the Great Lakes
5 which may be helpful to the Commission.

6 THE CHAIRMAN: The agreement on the law will
7 be Exhibit 12 and the distances on the Great Lakes
8 will be Exhibit 13.

9 ---EXHIBIT NO. 12: Agreement on law.

10 ---EXHIBIT NO. 13: Distances on Great Lakes.

11
12 THE CHAIRMAN: The table of distances was
13 not in your material already?

14 MR. GERITY: No, it was not, I extracted
15 them from the Pilot Directory. It may be convenient
16 to have them.

17
18
19
20 JOHN LORNE McDUGALL, recalled.

21 COMMISSIONER BELANGER: At the beginning of
22 the recess period I was just asking a question,
23 Professor McDougall, a question which I think may
24 be of some interest to the other members of the
25 Commission; I was asking if the graph between
26 pages 19 and 20, on that graph you are showing
27 the stability of the freight rates on the Great
28 Lakes?

29 A. Yes, sir.

30 Q. Versus the instability on 31, graph 31?



in the other?

1 A. I think so.

2 Q. And you do not think it may be due to
3 maximum price fixing?

4 A. I would think the maximum price fixing
5 was a much less important matter. I do not, for
6 instance, think that in the period, the period in
7 which the real price of moving grain was on the
8 whole higher or the period when you had the firmest
9 price control during the war that what happens in
10 this kind of a market where the number of com-
11 petitors is limited, that competition tends to
12 take the form of an extreme efficiency, the
13 building of very large and efficient and faster
14 ships, and that whole matter of the price at
15 which you sell your service is relatively minor,
16 the man who has the most efficient capital equip-
17 ment is in a powerful position to hold the rates
18 down and increase his proportion of the total
19 trade, so that it is fundamentally consistent with
20 the public interest.

21 Q. But if you look on the graph between
22 pages 19 and 20 you notice, for instance, the
23 great instability between 1941 and 1945, well, the
24 middle of 1945 and 1946?

25 A. Yes.

26 Q. Would it be due to maximum price
27 fixing, this stability?

28 A. I would think so, yes, because you
29 had a situation in which the volume to be moved
30



1 was increasing and in which you were not allowed to
2 build additional ships but that is not the situation
3 you have to-day when new ships can be built and are
4 being built.

5 Q. Maybe it would help if you could give
6 us, I do not think you have it at the present time,
7 but if you could give us to supplement this graph
8 the maximum rates in order that we could follow
9 the pattern of the maximum rates and compare it
10 with the pattern here of the actual rates?

11 A. That figure will be in the Board of
12 Grain Commissioners, I will either extract it or
13 write Winnipeg and get it.

14 Q. Could you do it?

15 A. Yes, sir.

16 THE CHAIRMAN: I think it would be of help.
17 You say we have a certain experience from 1941 on
18 where the Wartime Prices and Trade Board fixed the
19 maximum prices, at any time there was anything sold
20 at less than maximum prices we declared a public
21 holiday and we did not miss any day's work.

22 ---The witness retires.

23 MR. GERITY: Mr. Chairman, I might say for
24 the convenience of Mr. Commissioner Belanger that
25 it is in the interests of the Great Lakes operator
26 to provide as low a cost as possible because grain
27 will be shipped from Vancouver or Churchill which
28 are competitive in the sense that they can handle
29 the same cargo. I would like to Call Captain
30



1
2 Misener.

3
4
5
6 ROBERT SCOTT MISENER, called.

7 BY MR. GERITY:

8 Q. Captain Misener, you are president of
9 Colonial Steamships?

10 A. That is correct.

11 Q. And you are a master mariner?

12 A. Right.

13 Q. And you have, I think, spent the
14 whole of your life in and about the Great Lakes of
15 North America?

16 A. That is correct.

17 Q. And you presently own how many ships?

18 A. 33.

19 Q. I think it is fair to say you originally
20 started in business with one ship?

21 A. That is correct.

22 Q. In what year did you first commence
23 ship owning as distinct from sailing them?

24 A. 1917.

25 Q. Now, Captain, could you tell us how
26 much money your company has invested in new
27 ships since the close of the war?

28 A. About \$15,000,000.

29 Q. And how many ships have you built
30 in all?

A. We have eight ships, five canallers



1 in England and three on the Great Lakes here.

2 Q. And the three that you refer to have
3 all been built in the last few years?

4 A. Since 1950.

5 Q. What does it cost to build one of these
6 ships such as the Scott Misener?

7 A. Oh, in the neighbourhood of \$5½ million
8 to \$6 million.

9 Q. And can you tell us, Captain, in round
10 figures, what does it cost to run a big ship
11 per day?

12 A. That is of the large type, of the
13 20,000 ton ships?

14 Q. Yes.

15 A. In the neighbourhood of around \$2,000
16 a day.

17 Q. And what is the length of your
18 biggest ship?

19 A. 685 feet.

20 Q. And how many men would there be in a
21 ship's company?

22 A. Thirty-three.

23 Q. Now, referring to your middle sized
24 vessels, I mean those of about 400 feet, what does
25 it cost roughly to run one of them per day?

26 A. Well, roughly it would cost around
27 \$1,400 a day for those.

28 Q. And how many men are there in the
29 ship's company of a 400 foot ship?

30 A. 28 men.



1 Q. 28 as against 33?

2 A. Yes.

3 Q. And the small canal type vessel that
4 you operate down to Montreal, how much does it cost
5 roughly to run one of those per diem?

6 A. At present, that is as of this month
7 and the last month or this year, in the neighbour-
8 hood of \$800 a day.

9 Q. About \$800. Now, Mr. Chairman, it may
10 be convenient for me while this witness is here
11 to say that my clients offer to this Commission a
12 ship or ships to transport them from Toronto to
13 the Lakehead and it is our belief and position
14 that only by looking at the Great Lakes trade first
15 hand can one get any accurate knowledge of how
16 it is run and how it is conducted. Both Captain
17 Misener and Mr. McLagan have authorized me to say
18 that they will provide a ship or ships to take the
19 Commissioners and their families to the Lakehead
20 if any reasonable notice be given us.

21 THE CHAIRMAN: Thank you very much, we will
22 deal with that later.

23 MR. GERITY: Thank you.

24 Q. Captain Misener, can you give us your
25 opinion as to whether you could meet competition
26 from United Kingdom ships on the Great Lakes?

27 A. That is of this date or when the
28 deep waterway is completed?

29 Q. When the deep waterway is completed?

30 A. No.



1 Q. And what is your opinion as to whether
2 you could meet competition from foreign ships such
3 as Liberia and Panama?

4 A. It would be impossible for us to com-
5 pete with them.

6 THE CHAIRMAN: What is the interest in that
7 last question?

8 MR. GERITY: Well, there are two classes of
9 trade on the Lakes, one is the fact that United
10 Kingdom vessels can act in the coastwise trade and
11 foreign vessels can make international voyages to
12 the United States.

13 THE CHAIRMAN: And two other facts we must
14 keep in mind, firstly, we consider coastal trade
15 and your brief is limited only to coasting trade
16 so that since you are not asking us to do anything
17 about the other, the traffic of the United Kingdom
18 or international trade, foreign trade, how are we
19 concerned with it?

20 MR. GERITY: We have submitted for the
21 consideration of the Commission two things ---

22 THE CHAIRMAN: Oh, I see, you are referring
23 to the -- your question is addressed to whether
24 Colonial could compete with a Panama registered
25 boat on the transfer from Steep Rock to
26 Cleveland?

27 MR. GERITY: That is correct, my lord.

28 THE CHAIRMAN: Not Steep Rock, it would
29 be hard to get a boat in there.

30 MR. GERITY: You are of the opinion that



you could not meet competition from foreign ships?

1 A. That is correct.

2 Q. Now, can you tell us from your
3 experience what efforts you have to make to
4 assemble ships at the Lakehead at peak seasons
5 of the year?

6 A. What efforts we have to make?

7 Q. Yes?

8 A. We have sufficient tonnage at all
9 times to move the Canadian crop regardless of
10 whether we are called upon in July, August,
11 September, October, November, we are at all times
12 ready to move all the crop.

13 Q. But, in your experience, are there
14 any peak periods?

15 A. Usually in October, November and
16 December.

17 Q. And do you provide storage facilities
18 in all of your fleet?

19 A. We do.

20 Q. In the off season?

21 A. We do.

22 Q. And your operation is limited to the
23 so-called navigation season?

24 A. Right.

25 Q. Now, as to the coal trade, do you
26 have any ships carrying coal?

27 A. Yes.

28 Q. Could you tell us whether there is
29 any margin of profit in that trade?
30



1 A. Well, there is a margin of profit in
2 it or we would not handle it, I suppose.

3 Q. How does it compare to the other
4 trades?

5 A. Oh, no, the other commodities, iron
6 ore and grain pay a better rate.

7 Q. And you do not have any self-unloading
8 ships, do you?

9 A. No, we have not.

10 Q. Now, about the iron ore trade, how does
11 that compare to grain, let us say, for margin of
12 profit?

13 A. Well, Mr. Chairman, it is a case of
14 if our crop, our grain is moving, the grain is more
15 valuable to us in revenue than the iron ore, but
16 we are suffering at the present time and have for
17 the last two years from the lack of selling the
18 grain and we have long delays in Montreal which
19 makes the grain trade not as profitable as the
20 iron ore.

21 Q. Generally speaking, is it usual to
22 contract for long periods of time in the iron ore
23 trade?

24 A. It is, yes.

25 Q. And that is not so as to the grain
26 trade?

27 A. No.

28 Q. Captain, could you give us your
29 opinion as to the future of the middle sized
30 ship, that is the 400 foot ship, once the Seaway



is through?

1 A. Well, I -- it is predicting something
2 which probably a good many would disagree, but we
3 own such ships and I am of the opinion that they
4 will cease to exist, they will not be able to
5 compete with the larger ships.

6 Q. And is it your belief then that the
7 Canadian operator will have to build new and larger
8 vessels such as your Scott Misener to effectively
9 use the Seaway?

10 A. That is correct.

11 MR. MUNDELL: You are just talking about the
12 middle sized ships?

13 MR. GERITY: No, the bigger ones.

14 MR. MUNDELL: I was not clear whether you were
15 coming to the canaller or whether this covered the
16 canaller, too.

17 MR. GERITY: No, it does not. When the
18 Seaway is completed, what is your opinion as to the
19 future of the canal sized vessel, so-called?

20 A. Well, we have 23 of those ships and we
21 figured that 80% will be sent to be scrapped.

22 Q. And I know it is difficult to predict
23 the future, Captain, if you are operating the larger
24 600 foot vessel with a straight run from the Lake-
25 head to Montreal or below, do you think you will
26 be able to offer any lower rates?

27 A. There will be some, yes, that is what
28 we have in mind, that the rate will be reduced on
29 account of the size of the ship and the transfer
30



1 of grain at Port Colborne, Kingston or Prescott
2 will be eliminated and it is quite a charge so
3 that there will be a reduction in the rates.

4 Q. Could you tell us in round figures how
5 long it takes to load one of your big ships?

6 A. Well, at the present time where stocks
7 are very low on some of the grains that we have
8 put up there, we have loaded -- let me see, we have
9 loaded 635 bushels on five different occasions at
10 Fort William in ten hours.

11 Q. In ten hours?

12 A. Now, to-day it is taking us two to
13 two and a half days to load the same ship on
14 account of the distribution of the grain at the
15 different elevators.

16 Q. Generally speaking, how long does it
17 take to discharge the same size of ship?

18 A. Well, if you can get into the elevator
19 at Port Colborne and have a clear dock you can get
20 out in about 15½ hours.

21 Q. What could you tell us about the
22 present capacity of the Welland Canal, your office
23 is on the banks of the canal, is it not?

24 A. That is right, that is correct.

25 Q. How long, on an average, does it take
26 you to get one of your ships through the canal
27 at the present time?

28 A. Oh, about 11 to 12 hours for a large
29 ship.

30 Q. Do you think the Welland Canal



can handle a lot more traffic?

A. No, they are up to capacity at the present time.

Q. And are all your ships especially built for fast handling in the canals?

A. They are.

Q. Now, Captain, does your company receive any aid of any kind from the Government in its operation?

A. No.

Q. And of all the money invested in your company, is it private capital?

A. Private capital is correct.

Q. And I take it that any loans are similarly sold to private interests?

A. That is right.

Q. I do not know whether you know, Captain, but could you tell us whether the larger majority of your shareholders are Canadians or ---

A. Yes, I can tell you.

Q. They are?

A. They are, absolutely, 95%.

Q. Now, are you allowed to trade between American ports?

A. No.

Q. Can you tell us what the situation is in the big locks of the Soo Canal, can the United States prevent you from using them?

A. Oh, yes, they can, and they have prevented some of the foreign ships from using



them.

1 Q. Is not the present rule that no foreign
2 ship is allowed to use the McArthur locks?

3 A. That is right.

4 COMMISSIONER BELANGER: Would you repeat?

5 MR. GERITY: I think it is true to say, Mr.
6 Chairman, that under executive emergency powers of
7 the United States that no foreign ship or passenger
8 ship other than Canadian is allowed to use the
9 American locks at the Soo. Could you get one of
10 your Canadian ships through at the Soo?

11 A. One of the small ones; the three
12 larger ships, no.

13 Q. Is it your opinion that the larger
14 ship offers the most efficient service for bulk
15 traffic?

16 A. Yes.

17 Q. And if you were able to haul ore from
18 Seven Islands to, let us say, Lake Erie, and to
19 take grain down the lakes say to Montreal, would
20 that render your service cheaper?

21 A. Naturally it would, yes, cargo both
22 ways.

23 Q. In other words, that would be the
24 first time in the history of the locks that you
25 had a two-way cargo?

26 A. That is correct.

27 Q. And at the present time you do not
28 have a two-way traffic?

29 A. Well, we have upbound ore which
30



this year is the first.

THE CHAIRMAN: With canallers only?

A. On canallers, yes.

COMMISSIONER BELANGER: From where?

A. Astabula, Buffalo, Detroit and Toledo.

MR. GERITY: What are you estimating as the replacement cost per ton of a lake ship?

A. Well, all the modern ships with all the new devices and things like that, I think a duplicate or a replacement of our steamer, the Scott Misener which is the most efficient ship we have, would be around, a little over \$6 million.

Q. A little over \$6 million?

A. Yes.

Q. And could you estimate for us what you think the value of your fleet is?

A. Well, they are insured for something over \$25 million.

Q. According to some figures I have, Mr. Misener, or maybe you could tell us whether you agree with it or not, the total insured value of the Great Lakes fleet, that is 82%, is \$174 million?

A. I could not tell you whether those figures are correct.

Q. And what is your opinion about the future of your company if the Great Lakes trade is to be opened for the first time to United Kingdom ships and the trade with the United States to foreign ships?

A. What is our reaction to it, did you



say?

1
2 Q. What do you think would happen to your
3 company?

4 A. Well, if you opened to foreign ships
5 which we have now an inquiry from a ship building
6 company for plans of our ships by foreign agents to
7 build a duplicate of our ship, of the Scott Misener,
8 which is our largest, to ply on the Great Lakes here,
9 it is foreign capital in Britain to be registered
10 and a British ship to come in and compete with us
11 and the cost of operation is much lower on a British
12 ship than our Canadian ship, and I am afraid we
13 would be unable to compete with it if such
14 happens.

15 Q. I take it all the crews of your ships
16 are Canadians?

17 A. Well, yes, they are all Canadians.

18 Q. And they act through a union?

19 A. They are all union, yes.

20 THE CHAIRMAN: I did not hear the reply.

21 A. They are all union, my lord.

22 MR. GERITY: And I think you told us,
23 Captain, that the most efficient trade in the future,
24 that is, after the Seaway is built, would be in the
25 600 foot ship, is that so?

26 A. That is right.

27 Q. Now, if when the Seaway is built your
28 competition is open to the United Kingdom and
29 foreign ships, would your company invest any money
30 in new 600 foot ships?



1 A. No, no, we would not.

2 Q. Thank you, sir. Your witness.

3
4
5 BY MR. MUNDELL:

6 Q. I do not know whether you were here
7 the other day when I tried to explain that the way
8 we work in this case, you are making statements
9 and we are bound to question you to test them.
10 I would like to test some of your assertions for
11 the benefit of the Commission. Before doing that
12 I think it would be very helpful if you could give
13 us the pattern of the present grain trade and how
14 you get your cargoes, for instance?

15 A. We get it through the brokers in
16 Winnipeg, we have an office, a brokerage office in
17 Winnipeg for the chartering of grain, they go up
18 on the Grain Exchange, on the floor of the Exchange,
19 and the shipper who has bought some grain and has
20 it ready to ship or to offer it to carriage, why,
21 we contact him and make a deal to carry the grain.
22 We have to go through a broker.

23 Q. That would be, if somebody purchases
24 a shipload on the market, his problem would be to
25 get it transported?

26 A. That is right.

27 Q. He would get in touch with you or ---

28 A. No, we have to go through the broker
29 because there is a fee charged for it and we
30 cannot go to the individual who bought the grain



1 and say, "Here is a contract", we have to go
2 through the broker.

3 Q. How does it come on, from day to day?

4 A. Well, we know the movement of our
5 ships, the amount of grain that is sold by our
6 Government, and we are fortunate or unfortunate
7 enough to get it or not get it at the Head of the
8 Lakes.

9 Q. Well, something I was not clear on,
10 do you get in touch with the broker or does he
11 come to you, or do you know of these cargoes?

12 A. We have our own brokerage office in
13 Winnipeg.

14 Q. How do you know when a cargo -- some-
15 body is looking for a ship?

16 A. Up on the floor of the Exchange where
17 they do the business of selling grain.

18 Q. That information is available there
19 and you go to the broker and bid for the cargo,
20 in effect?

21 A. That is right.

22 Q. And when you have no shipping avail-
23 able you are not bidding for that cargo, it is as
24 and when your ships are available?

25 A. That is right.

26 Q. Now then, something I did not under-
27 stand, why does the grain go to the ports, to
28 Port Colborne and Kingston and Prescott, what is
29 it that governs it?

30 A. Well, out of Georgian Bay there is



1 water and rail and there is a differential between
2 all-water rate from Fort William to Montreal at
3 five and three-quarter cents in favour of all-water
4 instead of water and rail.

5 Q. Well, why would the grain go, why
6 would you send your big ships to Georgian Bay, or
7 why would not one have it taken to Georgian Bay
8 rather than to Prescott?

9 A. Well, because the rate is equalized
10 between the two ports so it is just as advantageous
11 for us to go if there are spots in the Georgian Bay
12 to put the cargo there.

13 Q. And it goes on by rail or water?

14 A. By rail, and to-day the elevators are
15 filled to capacity in the Georgian Bay and you
16 cannot get a ship in there at all, so we are
17 forced to go to Montreal.

18 Q. That is with your -- your larger
19 vessels can only go to Prescott?

20 A. That is right.

21 Q. Would you expect when and if the
22 Seaway is constructed, or when it is constructed,
23 that your vessels would take longer voyages and
24 instead of stopping at Georgian Bay your larger
25 vessels would go right through to Montreal?

26 A. Yes, they will, there is no question
27 about it, that the larger ship will be used from
28 Fort William, Port Arthur to Montreal, Quebec, and
29 below that probably.

30 Q. If your vessels are on the lake runs,



1 with the present fleet, could it carry the grain or
2 would it have to be added to?

3 A. Well, we will have to add to our fleet
4 of big ships, that is why I say the 7,000 ton boat
5 or 400 foot long will be out, it will be the bigger
6 ship, and if we are going to carry this grain we
7 have to build more ships.

8 Q. Immediately after the Seaway opens and
9 assuming the facilities are in Montreal, if you
10 double the length of the run for the vessels now
11 in the fleet, in effect would you have to double
12 the size of the fleet?

13 A. Oh, no, because the bottleneck is at
14 Prescott, Kingston and so forth, it takes seven
15 canal boats to unload our one boat, the upper
16 laker, so we have these shuttling back and forth
17 between Prescott and Montreal, so we will take that
18 directly through and handle more grain with the big
19 ships than we can now.

20 Q. I am afraid I am not making myself clear,
21 could I put it this way, would the present fleet be
22 adequate to carry all the grain after the Seaway is
23 opened on the full run from Fort William to
24 Montreal?

25 A. Disregarding rates -- you mean the
26 capacity of the fleet?

27 Q. Yes.

28 A. Yes, there is enough capacity but some
29 of them would not be able to compete with the
30 others, but there is enough capacity to handle all



1 the grain they would grow in the West for some
2 time.

3 Q. On the all-water route?

4 A. Yes.

5 Q. You consider it inevitable that there
6 will be, that the smaller vessels will be discarded
7 eventually?

8 A. Right.

9 Q. So there is an inevitable readjustment
10 going to take place?

11 A. That is right.

12 Q. Well then, the effect of that will be
13 to send the rates down, that, along with the fact
14 -- I mean, you will have the more efficient
15 carrier and the longer water haul, that will send
16 the rates down?

17 A. That is looking too far into the future
18 for me, sir, it is four years away.

19 Q. I was wondering what your opinion
20 would be?

21 A. Well, I would not care to express an
22 opinion as to the rate, I think there will be a
23 reduction in rate from the Head of the Lakes to
24 the seaboard, but what reduction?

25 Q. It is in the realm of speculation, I
26 would think. Well, now, for the present rates,
27 I was looking at this -- I take it you are familiar
28 with this table we are discussing?

29 A. Just while it was being discussed
30 here.



1 Q. Well, there was in April last a rate
2 differential between the lake rates and ocean rates
3 showing greater efficiency in the lake vessels than
4 in the ocean-going vessels as of April last. There
5 may have been changes, but if the rate were to go
6 down further, that would make it even more com-
7 petitive with the ocean-going ships and I was
8 wondering, you believe it will go down but you do
9 not know the magnitude of it?

10 A. That is right.

11 Q. Well now, you said that you were of
12 the opinion that if the lakes were thrown open to
13 foreign or British shipping that you did not feel
14 that the ocean -- that the lake vessels could
15 compete with foreign or United Kingdom vessels in
16 trade; I was just wondering why do you think they
17 could not compete?

18 A. Well, because of the higher cost of
19 operation -- your crew.

20 Q. The higher cost?

21 A. Of operating the ship.

22 Q. Would it be fair to say the two things,
23 higher capital cost and higher operating cost?

24 A. I would not say the higher cost of the
25 ship, of course, it has its effect there, but the
26 higher cost of operation -- the cost of operation
27 on the foreign ships, even on the British ships,
28 is much less than we have.

29 COMMISSIONER WICKWIRE: That is because of
30 labour?



1 A. Yes, they transfer our Canadian ships,
2 as you all know, to British registry to get away
3 from this union here and the high costs.

4 Q. Is there any other higher cost than
5 the cost of the crew?

6 A. No, I do not think, but they come in
7 here from outside, the food and so on they bring
8 with them, they buy nothing in Canada at all.

9 MR. MUNDELL: You said a moment ago that the
10 higher capital was not a significant factor, would
11 that be correct to say, not significant?

12 A. It is significant but not to the point
13 that we would quarrel about it, I would say, or
14 argue about it.

15 THE CHAIRMAN: I am afraid I cannot hear you.

16 MR. MUNDELL: I was asking whether the higher
17 capital cost of Canadian built ships was an important
18 factor or significant factor, and I think Captain
19 Misener said, if I heard him correctly, he said it
20 was important but not as important as the higher
21 cost of operation.

22 A. That is right.

23 THE CHAIRMAN: The example to which you refer
24 was a case where there was being built in Canada for
25 an English competitor, is that it?

26 A. They are building ships in England.

27 Q. This ship was to be built in England?

28 A. In England.

29 MR. MUNDELL: Put it this way, if that vessel
30 were brought out here, having been built in the



1 United Kingdom and was compelled to pay Canadian
2 wage rates, would the capital cost have anything
3 to do with competing with your vessel?

4 A. No, I do not think so.

5 Q. So the significant factor is the cost
6 of operation?

7 A. Right.

8 Q. On this question of competing, we
9 went through the pattern of the present grain trade,
10 would that pretty much apply to all the bulk
11 trade, is it more or less organized in that way,
12 you go to some centre to get your cargo or is the
13 iron ore contracted for or how does it work?

14 A. It is contracted for, for a period,
15 sometimes one year, sometimes ten years, it depends
16 on the company making the contract.

17 Q. The same would be true of pulp?

18 A. It has been usual for one year, but
19 it has been extended for several years for pulpwood.

20 Q. Can you say, do you speak to the
21 so-called package traffic or not?

22 A. No.

23 Q. Now then, your Association puts
24 forward as a proposal two branches, proposal one
25 is that all non-Canadian ships be excluded from
26 the coastal trade and on the basis of the argument,
27 as I understand from you, if we do not do that you
28 will not be able to compete and we will lose our
29 shipping?

30 A. That is correct, we would not build



1 any more ships if it is going to be left open.

2 Q. If the differential in cost is the
3 reason for that, and the capital cost is not sig-
4 nificant, it really boils down to operating costs?

5 A. I beg your pardon?

6 Q. I may be repeating this part, but the
7 significant item is the operating cost, not the
8 capital cost?

9 A. That is right.

10 Q. In other words, if the ship yards
11 were subsidized to bring the cost of a ship down
12 to a foreign cost, that would not help?

13 A. Oh, I would not say it would not help
14 if we had a subsidy, we would be glad to have it.

15 Q. But still you would not be able to
16 compete?

17 A. No, we would not, no.

18 Q. What I am really coming to is what
19 other alternatives are there to the proposals you
20 put forward? Supposing the ship yards were
21 subsidized from the capital cost of new vessels
22 or competition with the capital cost in the
23 United Kingdom or a foreign market and foreign
24 vessels coming in the coastal trade were required
25 to pay Canadian wage rates, could you then
26 compete?

27 A. Oh, yes, if they were forced to pay
28 the same money that we were and the costs were
29 the same, sure, we could compete with them then.

30 Q. Why would you select this alternative



1 instead of that alternative, or would you be satis-
2 fied with either?

3 A. I do not see any difference at all.

4 Q. Well, the second one would keep the
5 foreign competition on the horizon, as it were,
6 but this one excludes it entirely, you would have
7 no objection to that?

8 A. No, if they were forced to pay the same
9 money that we are and the costs were the same as
10 ours and the ship did not cost any more.

11 Q. You would be prepared to take them on
12 in that case?

13 A. Absolutely.

14 Q. Can you think of any other alternative
15 to that? Well, another alternative would be to
16 give you an operating subsidy, would it not, as
17 well as a construction subsidy, and allow foreign
18 shipping to come in on that basis, would you accept
19 that as an alternative proposal to this one?

20 A. Well, we would have to study what the
21 subsidy would be, and so on, and I am not prepared
22 to go into the figures on the subsidy.

23 Q. Assuming a policy of an adequate sub-
24 sidy, you would not have any choice between that
25 type of a scheme and the exclusion of a com-
26 petitor?

27 A. Well, of course, naturally I would
28 favour the excluding of the other ship in here,
29 it is Canada and for Canadians, we have developed
30 this one fleet here over the years and I think



1 we should be left with it when our rates are down
2 to a point where the commodities are carried very,
3 very cheaply, I do not know why we should give it
4 up to the foreigner so long as we can continue
5 the same as we have.

6 Q. If the conditions of competition were
7 equated then it would not necessarily destroy the
8 Canadian fleet, would it?

9 A. If competition were --- ?

10 Q. If the conditions of competition, the
11 costs were equated between you and --- ?

12 A. I do not think it would, because we
13 can compete with the other fellow if given an
14 even chance, but we will be at a disadvantage
15 unless we have some relief here, some protection
16 rather.

17 Q. On the amount of competition, arising
18 out of what you mentioned about this ship that is
19 to be built and brought here, the upper lake
20 vessel, I take it you may have two kinds of
21 objection, that where a vessel is brought in of
22 another registry and engages in the coastal trade
23 or an English ship coming up, would you expect
24 any serious competition?

25 A. Yes, I would, because he sets the
26 rate, he could lower the rate for the whole industry,
27 one boat coming in here and going to the shipper
28 and saying, "Well, we will take grain at a cent
29 or two cents under", and away goes your rate.

30 Q. Would you expect many vessels of that



kind to arrive?

1 A. Just give them the opportunity and we
2 will have lots of them, it is serious.

3 Q. Which would you consider to be more
4 serious, the United Kingdom or Commonwealth registry
5 vessels built for the trade and engaged in it, or
6 these English type?

7 A. Well, I don't know about the foreign
8 built vessels, but it has been intimated to me,
9 I may be telling tales out of school from our
10 office, but I have been asked to sell my fleet to
11 a foreigner to come in here to operate it, foreign
12 capital registering him in England if it was
13 possible to do it.

14 Q. To be operated by --- ?

15 A. So there are many schemes afoot to try
16 and ruin this lake transportation here. They are
17 figuring in Germany, and the Greeks and all the
18 other countries at the present time how they are
19 going to get in here to take charge of this lake
20 business. Now, I feel if we can keep them out
21 and still give a reasonable rate, a fair rate to
22 the shipper of grain, I think we should enjoy the
23 trade.

24 Q. Then, one other thing ---

25 THE CHAIRMAN: I do not know what a reason-
26 able rate or a fair rate means; it is reasonable
27 to you because your costs are so much, if your
28 costs were a third of what they are then the rate
29 would be much smaller and be reasonable, so you
30



1 have to find costs of transportation before you find
2 what a reasonable rate is, and the fear that you
3 express is that there will be somebody with much
4 lower costs who will then be able to offer a rate
5 which to them is reasonable and which to you is
6 unreasonable. Proceed.

7 MR. MUNDELL: I understand that the present
8 shipping industry in the Lakes is competitive, I
9 think it may be well to get on the record whether
10 it is highly competitive or competitive or what
11 is the state of the industry?

12 A. I think your last statement is correct,
13 it is highly competitive, it is not moderate at
14 all.

15 THE CHAIRMAN: The word used by Mr. Gerity
16 is "fierce", and Captain Misener uses another
17 word, "highly".

18 A. That is for the lakes at the present
19 time before the Seaway goes through. It is
20 highly competitive here, there is no fixing of
21 rates only by the Government which has a sixteen
22 cent rate maximum, but there is no minimum rate
23 fixed.

24 MR. MUNDELL: This might come to the point
25 where several people are competing for the same
26 cargo?

27 A. It happens right along.

28 Q. You mentioned -- I am sorry I am
29 jumping around here, but you mentioned the
30 possibility of two-way cargo may also result in



1 a reduction in rates, if I understood you correctly?

2 A. Yes.

3 Q. An unpredictable amount again?

4 A. Yes.

5 Q. There are a few minor things I would
6 like to pick up while you are here; if the United
7 Kingdom ship building costs are so much lower why
8 are there ships built now in the Canadian yards?

9 A. Well, there are not any built at the
10 present time.

11 Q. You said you operate three of them
12 yourself?

13 A. Oh, yes, but we could not get them
14 built in England back in 1950 or 1951, you could
15 not place an order for a ship under about three or
16 four years.

17 Q. A matter of time, not cost?

18 A. It was a matter of time, you could not
19 get them built over there and we could not get them
20 up here when we built them, through the canal.

21 Q. I think it is in your brief that they
22 could be brought up through the Mississippi, why
23 was that not done?

24 A. Because costs are terrific bringing
25 it up through there, and it is a company like the
26 Steel Corporation or people of that wealth that
27 could bring it up that way.

28 THE CHAIRMAN: It has only happened twice?

29 A. Yes, sir.

30 MR. MUNDELL: I thought there was a third



1 time the other day?

2 MR. GERITY: I think there were four ships
3 on the lake that were brought up. There were four
4 ocean ships that had to be especially cofferdammed
5 to come up the Mississippi. They could not get
6 them built just after the war and that is why they
7 went to the expense. It certainly is not
8 practicable.

9 MR. MUNDELL: That means the bigger vessels
10 have to be built on the lakes?

11 A. That is right.

12 Q. If there were foreign or United
13 Kingdom built specialized ships for the lake trade
14 would they not also be confined to the limited
15 operating season so that the competition factor
16 would be equalized between the two?

17 A. Well, with the exception of the lower
18 wages they would pay if registered in Britain, but
19 they would certainly have to ---

20 THE CHAIRMAN: Mr. Mundell was not on that
21 point, Captain Misener, he was speaking of some-
22 thing you spoke of a few moments ago, your own
23 prime design, the Scott Misener being, as it
24 were, copied in England, is it possible to have
25 Canadian ships copied in England instead of vice
26 versa and it being brought over here, it being a
27 laker in design, is it not, in fact, limited by
28 season because the lakers won't work in the ocean
29 trade?

30 A. That is right, sir.



1 MR. MUNDELL: Now, you put up two reasons
2 why it was in the national interest to maintain the
3 fleet in the Great Lakes as Canadian owned; one is,
4 as I understand it, it is a necessary part of our
5 transportation system to have a completely Canadian
6 system, and the other is the defence argument,
7 would you say they both go to the maintenance of
8 the whole of the present fleet or would you think
9 less if it were only for defence purposes?

10 A. Oh, I would not say less for defence
11 purposes but, of course, it is very essential.

12 Q. Would you just comment on this, are
13 the seamen of the Great Lakes skilled for ocean ---

14 A. Oh, yes.

15 Q. Ocean handling of ships?

16 A. Yes, we feel our men are superior to
17 the ocean-going sailor.

18 Q. Would that be in handling in fine
19 waters?

20 A. In handling ships our masters and
21 officers are all of high calibre in handling ships
22 from the deckhand up.

23 Q. Could they obtain an ocean-going
24 ticket?

25 A. We have several with ocean-going
26 tickets sailing our ships, they have come from the
27 salt water to the coasting trade and have got
28 their master's certificates while sailing our
29 ships. They are mostly from this country, they
30 are all Canadians.



1 Q. Are they immediately convertible to
2 ocean-going?

3 A. No, deep sea, they won't give them a
4 certificate on service in the Great Lakes, to
5 procure a certificate they have to have sea
6 service.

7 Q. But you feel they are suitable for the
8 ocean?

9 A. Oh, yes.

10 Q. Would the large vessels of the upper
11 lakes be strong enough now to go to Seven Islands
12 or Newfoundland when the canals are deepened?

13 THE CHAIRMAN: Would you divide that into
14 two questions, Seven Islands is one and Newfoundland
15 two.

16 MR. MUNDELL: All right, firstly, Seven
17 Islands?

18 A. Yes, I think they are strong enough.

19 Q. Newfoundland?

20 A. I would hesitate to say. We could find
21 out from Lloyd's, I suppose.

22 THE CHAIRMAN: Also in Newfoundland I under-
23 stand there would be a difference in the part of
24 Newfoundland, along the south shore parts, ports
25 and bays, is that not it?

26 A. Yes, around the north side of the
27 island it would be all right, if you go around to
28 the south side Lloyd's might not permit us to
29 do it.

30 MR. MUNDELL: You feel the elevator



1 facilities at Seven Islands, you would have the
2 complete two-way traffic?

3 A. Our ships are built under the lightest
4 classification in which they will be permitted to
5 go to Seven Islands, and I think all Canadian
6 vessels would be able to go down. We had Lloyd's
7 in on the deal when we built them.

8 Q. There are one or two questions that
9 are really matters of clarification of submissions
10 in the brief, I do not know that they are really
11 questions for a witness.

12 THE CHAIRMAN: You could obtain Mr. Gerity's
13 assistance on them.

14 MR. MUNDELL: Would you expect, Captain
15 Misener, if other vessels were excluded from the
16 Canadian coasting trade it might bring about
17 competition for more direct across-the-ocean
18 shipping?

19 A. No, I do not think it would.

20 Q. I am wondering whether it might not
21 defeat your own policy?

22 A. No.

23 Q. You would not expect that?

24 A. No.

25 THE CHAIRMAN: Is the reason for that that
26 you believe the lakers, whether they are English
27 in crew or Canadian in crew, are much more
28 efficient than ocean-going vessels, that the
29 lakers could beat them down as far as Montreal?

30 A. Oh, I am quite sure of that.



1 MR. MUNDELL: Would it also be there would
2 not be an adequate supply of west-bound cargoes?

3 A. It may be.

4 Q. Would that be a factor, that would be
5 true, would it not?

6 A. Westbound cargoes -- if we had to go
7 up light, you mean?

8 Q. Yes.

9 A. Well, you just reduce your time coming
10 up light instead of loaded.

11 Q. I think that is all the questions I
12 have, thank you very much.

13 THE CHAIRMAN: Captain Misener, I am much
14 interested in the example you quote of your ship
15 being duplicated, your ship having operated in the
16 Lakes, and now to be duplicated and brought in
17 under another registry, if you put it under
18 Canadian registry it would entail, I presume, the
19 discharge of the Canadian crews and their replace-
20 ment with English crews under English wages?

21 A. That is right.

22 Q. Well, these boats, both the counter-
23 part of the Scott Misener built in England and
24 the Scott Misener itself built in Canada, are both
25 lakers?

26 A. Right.

27 Q. And you agreed with me a few minutes
28 ago they are substantially confined to the lake
29 trade in the lake, meaning the Great Lakes and
30 the St. Lawrence River?



1 A. Yes.

2 Q. And a portion of the Gulf and, there-
3 fore, the English crews would not be sailing these
4 boats to Liverpool and so on, and all the various
5 parts of the world, how long do you think English
6 crews would be satisfied to take wages about 40%
7 of what they are being paid here?

8 A. I don't know.

9 Q. Well, I am wondering whether this is
10 not a bogey, this fear of the low wages paid by
11 the English. But for this reason, you said that
12 due to the efficiency of the lakers you could
13 compete with the traffic?

14 A. Yes.

15 Q. And that your fear is the laker manned
16 by an English crew, I suggest to you that a laker
17 manned by an English crew which is going to be
18 left in the lakes for most of its service is not
19 going to be able to get away with paying the
20 English wage scale for more than a few months and
21 that the organizers of the union that we have had
22 here already will be on the deck as soon as it
23 comes through the canal and you are going to find
24 that that competition is cut down considerably
25 because they are going to be union members and
26 receiving the same wages as your men do?

27 A. In 1952 we had an English ship
28 trading all summer down to Midland with an English
29 crew and paying English wages and no kick at all.
30 We have evidence of it happening and going all



through the season.

1 COMMISSIONER WICKWIRE: Did that ship come
2 back in 1953?

3 A. No.

4 Q. Or 1954?

5 A. No.

6 Q. Or 1955?

7 A. No, it was in 1952 or '53 it was here
8 the entire season, I can get the exact date from
9 Mr. Leitch. Senator Campbell operated the ship,
10 is that not correct, Mr. Leitch?

11 MR. LEITCH: I do not know, Captain.

12 A. Senator Campbell was the operator of
13 the ship out here for the English firm.

14 THE CHAIRMAN: We heard in a brief from
15 the Ship Owners' Association yesterday, I believe,
16 that there was ever-increasing difficulty in
17 persuading English crews to leave England on long
18 voyages than travelling back and forth to England
19 and this may be an example, these fellows in 1952,
20 they are not going to do it any longer, and
21 certainly so far as the owners are concerned that
22 should have been a very happy year in their
23 experience, pick up your level of freight and pay
24 their level of wages, and it would be most unusual
25 if they repeated the experiment.

26 A. We had our unions just the same as
27 to-day and they did not interfere with the crew.

28 Q. Well, something must have happened
29 for the reason that they are not back?
30



1 A. Well, they got employment somewhere
2 else for their ship.

3 Q. They got employment where they were not
4 so far away from home. It is not one ship that
5 travels and troubles you, it is twenty ships in
6 the Great Lakes, and how many of the twenty are
7 going to be able to get along for one season and
8 be back for the next three seasons paying English
9 wages?

10 A. Well, I could not answer that, Mr.
11 Chairman.

12 Q. I know these are little questions to
13 which no one can give a hard and fast answer but
14 they are nevertheless connected to the problem to
15 be considered, because you and all the other
16 witnesses stress that the big factor of competition
17 of the United Kingdom ships, so far as operation
18 and capital cost is concerned, is the wages, and
19 there are various kinds of ships and you, as a
20 practical man, will agree with my view that the
21 real competition is with the big laker, whether
22 it is built in England or Canada?

23 A. Yes.

24 Q. That very fact, limited to the Great
25 Lakes, and I wonder and still wonder in that case
26 which is the real objection. You pointed out the
27 cost factor and wages which now makes the com-
28 petition and perhaps that will not continue,
29 perhaps their wages will move up, whether regis-
30 tered in Canada or in England, and the wages



1 will be roughly the same?

2 A. As long as we pay the same wages we
3 can compete with them.

4 Q. That was my point. Have you any
5 questions, Mr. Wickwire?

6 COMMISSIONER WICKWIRE: Just one or two.
7 Perhaps you could clarify for me, you said we
8 have sufficient tonnage at all times to move the
9 Canadian grain crop, that is, your own company
10 has?

11 A. Oh, no, no, that is the Great Lakes
12 fleet.

13 Q. That is what I thought. You told
14 your counsel that 95% of your shareholders were
15 Canadians?

16 A. Correct.

17 Q. Would it be the same proportions in
18 amounts of investment?

19 A. No -- on the other fleets?

20 Q. No, the other 5%?

21 A. At which?

22 Q. You said 95% of your shareholders are
23 Canadians?

24 A. Right.

25 Q. Now, what percent of the amount
26 invested is Canadian?

27 A. It is 5% of the total.

28 Q. That is numbers of shareholders?

29 A. And in the value.

30 Q. And in the value, too?



1 A. Yes.

2 Q. That is all.

3 THE CHAIRMAN: Thank you very much.

4
5 ---The witness retires.

6 MR. GERITY: I would like to speak to one
7 matter, and that is this question of paying English
8 wages. There are people, I do not see them around
9 this morning, who will be appearing before your
10 lordship later, who do in fact run ships, and I
11 can name two of them right now, they are the two
12 Bermuda ships, they run from New York to Bermuda,
13 and it is very common in British shipping practice
14 to ship crews on two year requests. I would say
15 that the availability of seamen, whether it is in
16 Ontario or the United States, is always in direct
17 ratio to how good times are ashore, and very few
18 people go to sea who could find a good reason to
19 stay ashore, and I think you will find that England
20 for the first time in its history have reached the
21 stage where they are short of seamen.

22 COMMISSIONER WICKWIRE: It seems to me I
23 recall one where they had to fly over another
24 crew.

25 MR. GERITY: That is right, but I think it
26 is in direct relationship to the conditions
27 ashore, and we cannot predict what the conditions
28 in England can be. They use Chinese, Hong Kong
29 crews, they use Arabs and Lascars on even ships
30 that run to Churchill, which is as cold a place



1 as you can get, they have Lascar crews, and there is
2 nothing at all, as far as our present coasting laws
3 are concerned, there is nothing to prevent a
4 British operator coming in with any crew at all
5 as long as they are Commonwealth, Commonwealth
6 citizens of some kind. I do not have the exact
7 figures, but I would say it is quite safe to say
8 that at least 60% of the British merchant fleet
9 is manned by Asiatics of one kind or another, and
10 always has been.

11 THE CHAIRMAN: I am quite unaware of that
12 being in our jurisdiction.

13 MR. GERITY: I think it has some bearing on
14 the fact whether or not you could persuade English
15 crews to stay here and with that in mind it is
16 not essential that a Great Lakes vessel as much as
17 the foreigner's fleet must be confined to the Lakes.

18 THE CHAIRMAN: I suggest when you put an
19 expert in the box, let the expert give the evidence
20 and do not attempt to correct it.

21 MR. GERITY: I am sorry, my lord.

22 THE CHAIRMAN: Have you any witnesses?

23 MR. GERITY: I have two more witnesses, but
24 it is not really essential for me to call them,
25 they are really only going to repeat what
26 Captain Misener said.

27 MR. MUNDELL: I think it would be useful
28 to have somebody on the package freight.

29 THE CHAIRMAN: I am not suggesting you do
30 not call other witnesses, I notice it is 1.00



1 o'clock and we can hear them at 2.30. I am far
2 from suggesting you should not call your witnesses,
3 I found the witnesses you have produced to-day
4 most helpful.

5 MR. GERITY: Well, we have two more wit-
6 nesses.

7 THE CHAIRMAN: Very well, we will adjourn
8 until 2.30.
9

10 ---Whereupon the hearing adjourned at 1.00 p.m.
11 until 2.30 p.m.

12 -----
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1 ---On resuming at 2.30 P.M.:

2 THE CHAIRMAN: Yes, Mr. Gerity?

3 MR. GERITY: Before calling my next witness,
4 Mr. Chairman, I would like to mention one small
5 matter that escaped me. The United Kingdom has one
6 statute we do not have and that is the Ship and Air-
7 craft Transfer Restriction Act, 1939, under which
8 British owners have to have permission of the Minis-
9 try of Transport in order to market or sell a vessel
10 abroad. There is no comparable statute in this
11 country.

12 Captain Baxter.

13
14
15
16 HOWARD RUSSELL BAXTER, called.

17 MR. GERITY: Q. Captain Baxter, you are
18 the operating manager of the Canada Steamship Lines
19 Limited?

20 A. That is correct.

21 Q. You have been sailing or connected
22 with Great Lakes business in one way or the other
23 since 1919?

24 A. That is right.

25 Q. You were the Master of a vessel for
26 some seventeen years?

27 A. That is right.

28 Q. Since 1945 you have been connected
29 with the operating end of the shipping business?

30 A. That is right.



1 Q. How many ships has your company got?

2 A. We have sixty including three passenger
3 vessels.

4 Q. It is the largest of all the Canadian
5 lake owners?

6 A. That is right, sir.

7 Q. I wonder if you can tell us, Captain,
8 how much money your company has invested in new
9 building since the war?

10 A. About \$25 million.

11 Q. Are all these ships lakera?

12 A. No, we have one canaller.

13 Q. What is the longest vessel you have?

14 A. 715 feet.

15 Q. Which ship is that?

16 A. It is the T.R. McLagan.

17 THE CHAIRMAN: Q. The length of the ship,
18 Captain Baxter?

19 A. 715 feet, sir.

20 MR. GERITY: Q. What is the most recent new
21 ship that you have built?

22 A. It is the canaller. It was put into
23 operation yesterday.

24 Q. Did you not build a package freighter
25 recently?

26 A. We built a package freighter recently.
27 It has been in operation for about a month.

28 MR. WICKWIRE: I am sorry, I cannot hear
29 you.

30 MR. GERITY: He said, sir, they have built



1 a package freighter that has been in operation for
2 about one month.

3 Q. What is her name?

4 A. Fort Henry.

5 Q. What speed does she do?

6 A. Her regular speed is 18 miles an hour.

7 Q. She has been designed to trade between
8 what places?

9 A. Toronto, Hamilton, Point Edward and
10 Fort William.

11 THE CHAIRMAN: Q. Captain Baxter, you drop
12 your voice after you commence your sentence.

13 A. I am sorry, sir.

14 THE CHAIRMAN: You know, this courtroom,
15 beautiful as it is, has the unique distinction of
16 having probably the worst acoustics of any courtroom
17 in which I have ever sat, and that is quite a dis-
18 tinction. So that I would ask you to speak up.

19 CAPTAIN BAXTER: I will do that, sir.

20 THE CHAIRMAN: Q. It trades where?

21 A. Between Toronto, Hamilton, Point Ed-
22 ward and Fort William.

23 MR. GERITY: Q. And that ship is exclus-
24 ively in the so-called package trade?

25 A. That is right.

26 Q. Can she carry bulk goods?

27 A. She can carry grain, yes.

28 Q. Captain, can you tell us what the
29 average cost is per day to run one of your big
30 ships such as the McLagan?



1 A. Well, roughly it is about the same as
2 Captain Misener's ship, \$2,000.

3 Q. About how much?

4 A. About \$2,000, roughly.

5 Q. Can you tell us, or have you any idea,
6 how much of that or what percentage would be labour
7 costs?

8 A. About forty percent.

9 Q. What do you estimate the cost of running
10 one of your medium-sized ships, say a 400-foot?

11 A. Well, it is about the same as Captain
12 Misener.

13 THE CHAIRMAN: I believe I saw, I think it
14 was in your brief, a figure which I calculated at
15 38.7 percent. I was comparing it with the figure
16 of the Labour Association brief, the Union brief,
17 which was only, I think, 37 percent, so that would
18 be a pretty accurate reflection of your 40 percent.

19 THE WITNES: I would say, yes, sir.

20 MR. GERITY: Q. In Appendix 4 of our sub-
21 mission I say that the Canadian lake vessel averages
22 \$851 compared to the Maritime Commission figures for
23 ocean ships and United Kingdom ships, so the com-
24 parative operating cost per day for an ocean vessel
25 of 10,000 tons is \$816 and for a United Kingdom
26 ocean vessel \$543.50, and for a Canadian lake vessel
27 \$851 a day.

28 THE CHAIRMAN: I have those figures and I
29 did a rough estimate on them to find 38.77.

30 MR. GERITY: Q. What do you say as to the



1 average daily cost of operating one of your small
2 canal ships?

3 A. About \$800 a day.

4 MR. WICKWIRE: Q. What is that, the medium-
5 sized?

6 MR. GERITY: Q. The middle size is how much?

7 A. About \$1400.

8 Q. What is your opinion, Captain Baxter,
9 as to the importance of the capital cost item competi-
10 tively?

11 A. Well, I believe that capital cost is
12 quite important. Depreciation more or less is based
13 on the high capital cost and depreciation charges are
14 quite high.

15 Q. Do the daily operating figures you
16 mentioned, Captain, include depreciation?

17 A. No.

18 Q. They do not?

19 THE CHAIRMAN: Q. Those figures of \$2,000,
20 \$1400 and \$800 do not include depreciation?

21 A. No, sir.

22 MR. GERITY: Mr. Chairman, we have prepared
23 a consolidated balance sheet of the industry and
24 if you will agree, I would like to call a chartered
25 accountant on the matter, but I am in this diffi-
26 culty; that this information was given to the
27 chartered accountant by each of the member compan-
28 ies with my guarantee that it would not be open to
29 any other company to know what their figures were.
30 He has prepared a consolidated balance sheet of the



1 industry from the date that he received it ---. As
2 I explained to the Commission counsel a week or so
3 ago, if it is desired to go behind these figures,
4 then of course I cannot press that matter because I
5 promised the member companies that we would not be
6 divulging their business to anybody else.

7 THE CHAIRMAN: That is a matter of cross-
8 examination. I presume you are ready to agree in
9 that fashion that, with respect to individual com-
10 panies, we will have to call someone from the indivi-
11 dual companies, so I think there will be no objection
12 to that.

13 MR. MUNDELL: I would think so, Mr. Chairman.

14 MR. GERITY: Q. Captain Baxter, can you
15 tell us whether there are any peak seasons in the
16 grain trade?

17 A. Yes, in the spring and fall, usually up
18 till the first or second week in June and then October,
19 November and December are the peak seasons.

20 Q. Is there anything seasonal about the
21 ore trade?

22 A. Yes, the ore has to be handled during
23 fairly mild weather, so we start handling the ore
24 from the middle of May until about the first week in
25 November.

26 Q. How many ships does your company have
27 in the ore trade?

28 A. Well, it all depends. We have to
29 balance our tonnage up to take care of requirements
30 such as ore and grain. It is hard to say. We



1 change them back and forth. If we need a little
2 more on coal then we take one or two out of the ore
3 trade ---

4 Q. Repeat that again, Captain?

5 A. We have to balance our tonnage up to
6 take care of the various requirements. If we are
7 a little short on coal, we withdraw two or three ships
8 from the ore trade to put into the coal trade. On
9 the grain we haven't any idea how much grain we are
10 going to take care of. We have a very good idea of
11 the ore and coal and so we are going to have enough.

12 Q. Do you ever receive any directions from
13 the Shipping Controller about putting ships in the
14 grain trade?

15 A. Yes, sir, we do.

16 Q. Captain, you said there was a peak sea-
17 son in the grain trade. Is it much of a job to
18 assemble tonnage for that peak season each year?

19 A. No, the tonnage is available. It is
20 always there.

21 Q. How long does it take you to assemble
22 them?

23 A. It is a matter of a few hours even in
24 cases where we have ships laid up. Last year we
25 had two ships in the ordinary all summer. That is,
26 no business for them. In the beginning of the year
27 when the grain increased, why we got those ships
28 ready in four days. They had not operated all
29 season.

30 Q. Do you make any available for storage



1 cargoes in winter?

2 A. About 9 million roughly.

3 Q. About 9 million bushels?

4 A. That is right.

5 Q. Have you any ships in the coal trade?

6 A. Yes, we have.

7 Q. Are they special type vessels?

8 A. We have some four special type vessels,
9 self-unloaders.

10 Q. Would you explain to the Commission
11 what a self-unloader is, Captain?

12 A. A self-unloader is a ship that unloads
13 itself. That's all I can say it is. It has a con-
14 veyor system which does this unloading job. They go
15 to various docks that are not equipped with unloading
16 facilities. Our ships have a big arm that swings
17 out with a conveyor on it. That drops the coal
18 almost anywhere they want it.

19 Q. Is it the purpose of these ships then
20 to supply premises that have no unloading equipment?

21 A. That is right, sir.

22 Q. Is there any margin of profit in the
23 coal trade?

24 A. Not very much. That self-unloader
25 trade is -- the profit is very poor in that.

26 Q. How does the iron ore trade compare
27 with the grain trade?

28 A. It compares very favourably with it.
29 At the present time iron ore trade is a little
30 better than the grain trade.



1 Q. Can you give us your opinion as to
2 whether you can operate your ships competitively with
3 the United Kingdom ships?

4 A. No, sir, we cannot.

5 Q. Can you give us your opinion as to
6 whether you can compete with foreign ships other than
7 British?

8 A. No, that would be impossible.

9 Q. Can you tell us shortly what your rea-
10 sons are for saying that?

11 A. Well, in the first place, it is due to
12 higher wages than on foreign ships, on the Lake ships
13 I should say, higher repair costs, supplies are
14 higher and provisions, of course.

15 Q. What does it cost you to build a large
16 upper-laker?

17 A. Well, the ship of the T.R. McLagan class
18 runs between \$5 million and \$6 million.

19 Q. I think you told the Chairman and mem-
20 bers of the Commission your company has spent some
21 \$25 million on new ships since the war.

22 A. That is right.

23 Q. Can you give us your opinion if the
24 coasting trade of Canada is to remain open on the
25 Great Lakes to United Kingdom vessels, would your
26 company care to invest money in new shipping?

27 A. No, I am sure they would not.

28 Q. At the present time the only thing
29 that keeps that tonnage out of the Lakes is the St.
30 Lawrence River rapids?



1 A. That is right.

2 Q. It was referred to earlier, but would
3 you consider it economical and the feasible thing to
4 bring ships up the Mississippi River through the
5 Chicago drainage canal?

6 A. No, it would be very uneconomical.

7 Q. Do you know if it has been done before?

8 A. I know it has been done. We have looked
9 into that angle too and it is not -- it would not com-
10 pete.

11 Q. Captain, can you tell us how many ships
12 you have in the package freight trade?

13 A. We have twenty ships.

14 Q. Where do they run from and to?

15 A. They run from Montreal, Cornwall, Picton,
16 Kingston, Toronto, Hamilton, Thorold, Leamington,
17 Windsor, Point Edward, Sault Ste. Marie and Fort
18 William.

19 Q. You run all the way from Montreal to
20 the Lakehead via the ports?

21 A. With the exception of the upper-lake
22 type of package freighter, yes.

23 Q. All those ships are licensed under
24 the Transport Act?

25 A. That is right.

26 Q. You have to publish rates?

27 A. That is right.

28 Q. Do you know how your rates compare
29 to the railroad rates?

30 A. I understand there is a differential.



1 I couldn't quote you the rates on the package freighter.
2

3 Q. There are people in your company that
4 we can call later who would give ---

5 A. When the Commission convenes in Montreal
6 I will be able -- we will be prepared to.

7 Q. How many ships have you got of roughly
8 the 400-foot size?

9 A. We have two -- we have three including
10 a package freighter.

11 Q. What would you say would be the future
12 of that class of ship when the seaway is through?

13 A. Well, with the exception of the package
14 freighter, we would have to dispose of them, use a
15 larger economical ship.

16 Q. How big would that be, 600-foot?

17 A. From 600-foot up. That is for bulk
18 cargoes.

19 Q. That is a vessel that costs \$5 or \$6
20 million?

21 A. That is right.

22 Q. What do you say about the canal size
23 ships. Will they have any future?

24 A. No, we expect to dispose of them al-
25 together.

26 Q. What do you say as to the possibility
27 of quoting a lesser grain rate from Fort William
28 to the Don River?

29 A. I would say it is very good, sir, with
30 the elimination of the weigh ports. That is the



obvious point. With the use of the larger economical ships we can see a fairly substantial reduction in rates.

Q. How many crew members are there on an average for the big ships?

A. Thirty-one on our ships.

Q. How many are there on the medium-sized vessel?

A. Oddly enough there are thirty-three.

Q. So it takes more men to run a medium-sized ship than a big one?

A. That is right.

MR. WICKWIRE: Q. It takes more, apparently.

A. They are not as modern as the other ships.

MR. GERITY: Q. What do you say about the quality of the accommodation that you give your crew members?

A. It is the very highest.

Q. What about the food that they get?

A. It is the best that we can buy.

Q. I am not sure whether we have this clear or not, Captain. What do you say as to the capital cost item? Is that important in competition?

A. I would say it is, sir.

MR. GERITY: Your witness.

MR. MUNDELL: I wonder if you would just give us some kind of sketch or outline of the way in which your company gets its business, a sort of



pattern of trade?

A. We have our own brokers in Winnipeg.

Q. That is for bulk carriers; the same arrangement on the coal ships?

A. We have offices in Cleveland that charter bulk coal cargoes.

Q. Are those under contract for a season or longer?

A. We have ore contracts. We have one coal contract too.

Q. Otherwise you just bid for the cargo?

A. That is right.

Q. In the package freighter business, how does that come to you?

A. That is the same thing as the railways. We have freight solicitors. They go out and solicit for us.

Q. You have ships ---

A. Ship terminals. You have different equipment handling freight.

Q. But you go from Montreal to any one of these other points?

A. That is right.

Q. Fort William or vice versa?

A. That is right.

Q. How about the package freighter in the upper Lakes? What is the situation? How does that arise?

A. In what way?

Q. You mentioned a moment ago you had a



1 package freighter in the upper Lakes you had left out
2 of the group of canallers, or did I misunderstand you?

3 THE CHAIRMAN: One 400-foot ship which was a
4 package freighter.

5 MR. MUNDELL: Q. That will not go through
6 the present lock?

7 A. That is right.

8 THE CHAIRMAN: That is why it is in the upper
9 Lakes.

10 MR. MUNDELL: It is the only one.

11 A. That is right. We have four lake
12 package freighters that cannot go through the St.
13 Lawrence Canals.

14 Q. They go down as far as Prescott?

15 A. Well, no. They actually carry flour
16 east-bound; mostly they are loaded at Point Edward.

17 Q. You mentioned that you had finished a
18 new canaller last week, was it?

19 A. That is right.

20 Q. And a new package freighter a month ago.

21 A. That is right.

22 Q. You also said you felt that nobody
23 would invest in ships in Canadian yards when the St.
24 Lawrence Waterway goes through. How long did it
25 take to build those ships? When were the contracts
26 placed?

27 A. Well, it took about a year.

28 Q. The contracts would be placed about a
29 year ago?

30 A. That is right.



1 Q. That is a month, if my recollection is
2 correct, it was a year ago that the Supreme Court in
3 the United States dismissed the appeal. Can you
4 give us the exact date of the letting of the contracts?

5 A. No, I am sorry. I don't think I can.
6 I can get it for you.

7 Q. I think it would be interesting if you
8 could.

9 A. All right.

10 Q. Then as to the cost, you mentioned some-
11 thing about \$2,000, \$1400 and \$800, I think those are
12 the correct figures. There were three sizes but they
13 were exclusive of depreciation. Have you any figures
14 or can you say what the depreciation cost per day
15 would be?

16 A. No, I can't, I am sorry.

17 Q. Those were just operating expenses for
18 days when they operated during the season?

19 A. That is right.

20 Q. 225 days you were operating?

21 A. That is right.

22 Q. You have no figure of depreciation?

23 A. No, I'm sorry.

24 Q. What is the average life of, say, a
25 bulk carrier? What do you amortize it on or do
26 you know?

27 A. Well, in fresh water the average life
28 of bulk freighters is about forty years, forty-two
29 years. There are older ships than that on the
30 Lakes.



1 Q. What about this? That would be only
2 the two large groups. What about the canallers?

3 A. The canallers last just about that long.

4 Q. Some of them seem to be rather old in
5 the service.

6 A. There are older ships than forty years.
7 I know a ship that is fifty years old, but you are
8 asking about the average.

9 Q. You mentioned that vessels are changed
10 over from the ore trade and grain trade and so on
11 and even coal. What about the package freighters?
12 Do they change?

13 A. Yes, they can carry grain. They are
14 not as convenient as the other ships for loading and
15 unloading grain, but we do carry grain in them.

16 Q. On the matter of grain, do you contract
17 for that or do you have a cargo or do you have ---

18 A. No, it is handled by our brokers in
19 Winnipeg.

20 Q. Do you have any contracts for a number
21 of cargoes at a time?

22 A. No, no, certainly we charter them as
23 the occasion arises.

24 Q. You mentioned that you had invested
25 \$25 million since the end of the war.

26 A. That is right.

27 Q. How many ships did you build?

28 A. We built eight.

29 Q. One was ---

30 A. One was a package freighter and one



1
2 canaller.

3 Q. The other six were?

4 A. Bulk carriers.

5 Q. What size?

6 A. Of the upper Lake type. They are 600-
7 foot up.

8 Q. Six of that size?

9 A. That is right.

10 Q. This morning we were told that the like-
11 lihood was that the smaller vessels would disappear
12 and you have mentioned that too. How do you think
13 that will be financed or do you know?

14 A. The disposal of those ships?

15 Q. Yes.

16 A. I am sure I don't know.

17 Q. How they will be disposed of?

18 A. No.

19 Q. You expressed the opinion that your
20 company could not compete with the United Kingdom
21 carriers if they were allowed to enter the Great Lakes,
22 mentioning as reasons higher wages and supplies and
23 so forth. I wonder if you could break those down.
24 For instance, the capital cost, if you could estab-
25 lish the capital cost and operating expenses. You
26 said you considered the capital cost important.
27 Can you give us any figures on that?

28 A. Well, I would rather my superiors pro-
29 vided that for you. I am not too sure of it.

30 Q. You have given us the over-all cost



1 on operating. Can you give us your ton mile cost or
2 something of that sort?

3 A. No, sir, I'm sorry I can't.

4 Q. Do you think that information could be
5 obtained?

6 MR. GERITY: Well, Mr. Chairman, Mr. McDou-
7 gall put in some ton mile figures. I don't know if
8 all the companies keep a record of the per ton mile.

9 THE CHAIRMAN: He put in the ton mile cost.
10 He did not put in the ton mile rates.

11 MR. MUNDELL: I wonder if I can put it
12 this way, sir, that I think it will be useful to the
13 Commission if we could get information on ton miles
14 of the three categories of ships, because on the evi-
15 dence given to date the fleets will apparently be
16 changed over to the larger carriers, so the average
17 figure, even if the present fleet is not really sig-
18 nificant, it may be significant as to what the posi-
19 tion would be in the future. I wondered if you
20 were going to call any witness, or can you say whether
21 it would be possible to furnish it to the Commission?

22 MR. GERITY: Well, we may be able to get it
23 at a later stage, Mr. Chairman, but I do not know
24 if we have any records of that kind now.

25 THE CHAIRMAN: Refer it to a later stage.

26 MR. MUNDELL: I wonder if we can have it at
27 a later stage?

28 MR. GERITY: We will try.

29 MR. MUNDELL: So that really at the moment
30 we cannot get at the ton mile cost broken down so



1 we can see what it is for the package trade vessel.
2 That is the situation we are in.

3 MR. MUNDELL: Q. You mentioned here that your
4 fleet was licensed under the Transport Act. Are there
5 any exempted or have you any exempted ships?

6 A. Not package freighters, not to my know-
7 ledge.

8 Q. Have you any that are exempted?

9 A. We have.

10 Q. What are they?

11 A. We have bulk ships that are not licensed
12 under the Transport Act.

13 Q. They are not required to be licensed?

14 A. No.

15 Q. Have you any vessels that are required
16 to be licensed that are exempt?

17 A. Not to my knowledge, no.

18 THE CHAIRMAN: Q. With reference to the
19 400-foot vessel, what would the tonnage of the 400-
20 foot vessel be?

21 A. Between 8 and 10,000 tons. It depends
22 on the design of the ship.

23 COMMISSIONER BELANGER: The 600-footer
24 would be 7,000 tons?

25 A. I am sorry, sir. That is our own
26 400 ship would be about 7,000 tons.

27 COMMISSIONER BELANGER: Q. 7,000?

28 A. That is right.

29 COMMISSIONER BELANGER: Q. And 600?

30 A. 600.



1 Q. 600-footer?

2 A. Well, a 600-footer runs from 17,000
3 tons up.

4 MR. MUNDELL: Q. Captain Baxter, you are the
5 operating ---

6 A. Manager.

7 Q. Just what are your duties and responsi-
8 bilities?

9 A. My duties are to see that the ships are
10 operated efficiently and economically and to see that
11 the tonnage, which I mentioned before, in the various
12 trades is well balanced, and that our coal and order
13 requirements are taken care of.

14 Q. You plan the use of your fleet in rela-
15 tion to the carriage you have to do?

16 A. That is right, our commitments.

17 Q. You must have given consideration then
18 to the problem of how the pattern will change with
19 the deepening of the canals. How would you expect it
20 to change? What will happen to your company?

21 A. Well, it would depend in this way, of
22 course, that we would take our grain through Montreal
23 or Quebec and take ore back from Seven Islands. The
24 other trades would remain practically the same.

25 Q. What about the size of the package
26 freighters?

27 A. Well, I think we would stick to the
28 400 and 450-foot class in package freighters.

29 Q. They would trade all the way up the
30 way you are doing now?



1 A. That is right, sir. We would have them
2 operating from Montreal west.

3 Q. Would you expect any decrease in the
4 package freight rates?

5 A. I can't say.

6 Q. You do not speak as to rates?

7 A. No, we have a rate expert in Montreal
8 for that purpose.

9 Q. Would you expect any decrease in the
10 cost of handling of the package freight or not on the
11 seaway because of the new canals?

12 A. No, I don't think -- we can give faster
13 service.

14 Q. It would not make any difference except
15 for speed?

16 A. I don't think so. If we have faster
17 service we may be able to reduce the rate, but that
18 is controlled by the Transport Commissioner.

19 Q. And that is given now and you anticipate
20 would be in bulk?

21 A. In bulk commodities.

22 Q. What about coal, for instance? Would
23 it make any difference to it?

24 A. Coal from Lake Erie to Montreal and
25 Quebec, there may be some difference. They will
26 be able to carry it in larger ships instead of the
27 smaller canallers they are using today.

28 Q. Where is the bulk of your coal carried
29 from?

30 A. From Lake Erie to Hamilton and Toronto.



1 We carry a considerable quantity to Windsor and Sarnia.

2 Q. Some to Montreal?

3 A. We carry some coal to Montreal in our
4 canallers.

5 Q. Would you have any idea what proportion
6 that would be of the total coal carriage?

7 A. I would say seventy-five percent of our
8 coal is carried above the St. Lawrence.

9 Q. What would the total amount of the coal
10 for the season run?

11 A. Last year in coal we carried just under
12 4 million tons.

13 Q. So 1 million would have gone down-river?

14 A. Yes, it would be that anyway.

15 Q. It would certainly make a difference in
16 your -- it would not make any difference in your upper
17 seaway. It would not have any effect.

18 A. No, it would not have any effect on
19 that.

20 Q. Would it be correct merely as to this,
21 that the effect on the rate will be from Fort William
22 to Montreal grain carrying and picking up ore and
23 bringing it back up. As far as your package freight-
24 ers are concerned, as far as picking up your coal
25 which you carry as far as the upper Lakes and the
26 ore you carry would not be significant?

27 A. I would not think so.

28 Q. Might there be a difference in this
29 sense: your whole fleet would probably be the
30 large-sized vessel and more economical then?



1 A. Yes, that might make a difference. There
2 might be a slight reduction in the ore trade.

3 THE CHAIRMAN: Q. There certainly will be a
4 reduction in the ore trade after the locks at Seven
5 Islands because you will be carrying that in big
6 ships.

7 A. Yes, I would say so, sir. It is hard
8 to say what length of time it is going to take to
9 run the freight from Kingston to Montreal through the
10 new seaway. A matter of congestion, traffic conges-
11 tion and delay.

12 COMMISSIONER BELANGER: I would like to ask
13 a question. In Appendix 4 here in your brief it is
14 mentioned that the Canada lake vessel costs \$851 per
15 day for cost of operation. Is that the 7,000 size?

16 MR. GERITY: That was the general average that
17 was put in to compare with the Maritime Commission
18 figures because they did not quote any figures at all
19 for the Canada lake vessels and that is a general
20 figure of the whole of the member fleet that is in
21 the trade.

22 COMMISSIONER BELANGER: It does not pertain
23 to ---

24 MR. GERITY: That was the best average we
25 could estimate it to be to compare with the Maritime
26 Commission.

27 COMMISSIONER BELANGER: But, Mr. Gerity, I
28 would think that it would be the same type of ship
29 as was being quoted in the Canadian ocean vessel
30 and United Kingdom ocean vessel, 10,000-foot standard



type.

1 MR. GERITY: Those are the Maritime Commis-
2 sion figures.

3 COMMISSIONER BELANGER: You have not got them?

4 MR. GERITY: No. We added what you see in
5 that column in order to give some kind of comparison.

6 COMMISSIONER BELANGER: I was thinking that
7 might be the 400-foot vessel. You said the 400-foot
8 vessel was about from 7 to 10,000 tons and I was
9 thinking that reference here was to that type of
10 vessel. I could not figure out how you would put a
11 figure so much higher, you see, for the cost of opera-
12 tion.

13 MR. GERITY: This is an average. It is an
14 average of the Great Lakes fleet which I might mention
15 takes in a number of very small vessels. In fact,
16 some of the members only own very small vessels, but
17 I have been trying to show by this witness and the
18 previous one what in their opinion it costs per day to
19 run each of the three classes of ships they own.

20 MR. MUNDELL: There is one question that has
21 been puzzling me. Why is it the grain is sometimes
22 carried to Port Colborne and then transshipped into
23 other vessels to go further down?

24 A. It is brought down on the large ves-
25 sels. They cannot get through to Montreal.

26 Q. It is transshipped there to go straight
27 through to Montreal.

28 A. That is right. The canallers carry
29 it up from Montreal to transship it.
30



1 Q. Instead of taking it down to Prescott
2 and transshipping it there. With the capacity at
3 Prescott you could take care of it there?

4 A. It is spread out. We take most of ours
5 to Kingston.

6 THE CHAIRMAN: Q. It is the transfer facili-
7 ties then that cause you to use other ports than
8 that one?

9 A. That is right, sir.

10 MR. MUNDELL: Q. Is the coal trade carried
11 down the St. Lawrence Way to Montreal -- is it expand-
12 ing or a declining business?

13 A. It is not an expanding business, not
14 at the present time.

15 Q. Would you say it was declining in
16 volume?

17 A. As far as our own Canada Steamship Lines
18 is concerned it is declining.

19 Q. You do not know whether that repre-
20 sents the over-all picture or not?

21 A. Yes, I believe it does but I am not
22 sure.

23 Q. Would that be the return cargo that
24 you would carry if you were carrying ore up from
25 Seven Islands?

26 A. Yes, it could be.

27 Q. Would it be a remunerative cargo?

28 A. Fairly. Coal is not over-remunera-
29 tive at any time but it helps pay expenses back.

30 THE CHAIRMAN: Q. It would not be as clean



1 a ship as if you were taking grain down.

2 A. No, but it doesn't take long to clean
3 a ship after a load of coal, sir.

4 THE CHAIRMAN: Q. I am speaking of the load
5 of ore which you bring into Cleveland and you go
6 to Fort William to pick up grain, you clean the ship
7 on the way.

8 A. That is right.

9 THE CHAIRMAN: Q. You pick up the coal at
10 the same port you bring your ore in?

11 A. That is right.

12 THE CHAIRMAN: Q. So that there would be
13 the saving of that much travelling.

14 A. Not much.

15 MR. MUNDELL: Q. Would you expect the coal
16 business to decline even further or would you expect
17 it may pick up because it will compete with the Nova
18 Scotia coal?

19 A. There is a possible chance it might
20 pick up. I think a good deal of industry is conver-
21 ting to oil. I think that is the market.

22 Q. If the United Kingdom vessels were to
23 come into the Great Lakes to compete in the package
24 freight, they would also be subject to the Trans-
25 port Act requiring a license.

26 A. I suppose they would.

27 Q. If the water rates -- or the differen-
28 tial were cut out of your rail rates, would you ex-
29 pect them to undercut you or ---

30 A. Well, if they come in under the



1 Transport Commissioner's rates it would be the same,
2 but they still have their cheaper crews and repairs
3 and supplies.

4 Q. In other words, it would be more profit-
5 able for them, but they would be competing on the
6 same basis.

7 A. Well ---

8 Q. You said the rates would be the same.

9 A. The rates could possibly be the same.
10 I don't know just what would take place. We would
11 still be competing with a cheaper ship. A ship that
12 is operating cheaper.

13 Q. It would be more profitable to them
14 but it would not necessarily be attractive to the
15 shipper?

16 A. No, I don't believe that would do the
17 shipper any good.

18 Q. Do your ships there operate on a regu-
19 lar schedule, or your package freighters, do they
20 operate on regular schedules? Would there be
21 occasions when they would be just chartered for one
22 cargo? That would fall into the bulk class.

23 A. That would fall into the bulk class.

24 Q. If your ships are on scheduled runs
25 would it not be a matter for the Transport Board
26 as to whether any competition would be allowed to
27 compete on the basis of public interest and con-
28 venience?

29 A. I don't know. I am not too familiar
30 with their regulations under the Transport Board.



1 Q. Would you think -- in your package
2 freighter business, a U.K. company with the same rates
3 would be in competition, in relation to you it would
4 be more profitable, would it be anything that would
5 attract business from you; anything special to attract
6 business from you?

7 A. No, I don't think so.

8 Q. So that it would just be straight com-
9 petition?

10 A. It would be if the freight rates are
11 the same except that they can operate their ships
12 much cheaper than we can.

13 Q. And what the rates are depends on what
14 the Board approved?

15 A. That is right.

16 Q. That is another matter.

17 A. Yes.

18 Q. I do not know whether you are prepared
19 to speak to these points or not in the brief put
20 forward on behalf of the Association. You are
21 speaking of the competition that will come in and
22 a solution is put forward to exclude it by making
23 arrangements with the United States. Can you tell
24 us why this is selected in place of other alterna-
25 tives which have been suggested?

26 A. I am not prepared to discuss that.

27 Q. On the other question of costs you
28 are not prepared to deal with that?

29 A. That is right.

30 MR. MUNDELL: I am not sure there is anything



further I can ask.

1 COMMISSIONER BELANGER: Q. I have a question.
2 I still do not understand this cost operation figure.
3 You mention here in Appendix 4, \$851 for an average.
4 That is what you mean, the average boat on the Lake?
5

6 MR. GERITY: The average of all the member-
7 ships of this Association.

8 COMMISSIONER BELANGER: It has been suggested
9 just a few moments ago that a canaller would cost
10 about \$800 per day, a 400-foot vessel would cost
11 \$1400 per day, and a bigger ship would cost \$2,000.
12 I just do not see how the average is so close to \$800.
13 You see, it would mean by the average here that al-
14 most all of these ships are canallers and they are
15 not.

16 MR. GERITY: As far as I know, sir, I did not
17 put that figure in myself. It was obtained by the
18 Secretary of the Association and I regret to say he
19 had to leave unexpectedly. His son died yesterday
20 morning. I would have to ask him on what basis he
21 prepared it. It was originally my intention to
22 call him as a witness to discuss some of the
23 various figures that we have used in our two sub-
24 missions.

25 COMMISSIONER BELANGER: That does not seem
26 to coincide with the testimony which has been
27 given.

28 MR. GERITY: He prepared the figures and just
29 what sources he used, I do not know, but we took
30 the position with this witness that he was in a



1 position to be able to tell us what he knows his
2 ships did. I do not know that that information
3 would be readily forthcoming because I do not think
4 the members like each other to know how much it costs
5 for one ship per day. In fact, they were not too
6 happy about me wanting to ask them.

7 MR. MUNDELL: Q. There is one further matter
8 if I may ask a question on it. In connection with
9 the ships that you have built since the war, where
10 were they built?

11 A. They were built in Port Arthur, Colling-
12 wood and Midland.

13 Q. All built in Canada?

14 A. That is right.

15 Q. What percentage of your fleet was built
16 in Canada? And what was not built in Canada, if
17 anything?

18 A. The biggest percentage of our fleet
19 was built in Canada. We have a few of our older
20 type of package freighters that were built overseas
21 shortly after the first World War, some before the
22 first World War. Some of our bulk canallers were
23 built overseas. That is a good many years ago.
24 Some of our bulk canallers -- some of them were
25 built just around the first World War.

26 Q. Why did you build the new canaller
27 here rather than England? Would it have been
28 cheaper to build it in England?

29 A. Possibly, but we preferred to build
30 it in Canada.



1 Q. I mean, we are told that it is fifty
2 percent cheaper there. Would that be right on this
3 type of vessel?

4 A. I cannot say as to the costs. I do not
5 decide on where they are going to be built.

6 MR. GERITY: I think I can answer your ques-
7 tion, Mr. Belanger. The figures given in the Appen-
8 dix are exclusive of fuel. It costs \$150 a day to
9 provide fuel for a canaller, about \$360 for a 400-
10 foot vessel, and about \$600 for a 600-foot vessel,
11 and the figures in Appendix 4 were prepared in order
12 to compare them with the Maritime Commission figures
13 exclusive of fuel costs. They will compare in such
14 an average to the vessel that was picked out of the
15 same size as the standard Canadian war-built vessel.

16 COMMISSIONER BELANGER: About 400-foot?

17 MR. GERITY: It would be about that size.

18 MR. MUNDELL: May I ask one further question.
19 In connection with the Lake vessels in your fleet,
20 are they efficient carriers still, or how do they
21 compare with relation to the new one?

22 A. They are fairly efficient. They are
23 slower. They use more fuel and cost more for
24 repairs.

25 Q. How are they at loading and unload-
26 ing?

27 A. They are all right.

28 Q. More costly to operate?

29 A. More costly to operate.

30 Q. Apart from the difference in size



1 they are more costly to operate?

2 A. That is right. They carry bigger crews
3 also.

4 MR. MUNDELL: That is all I have to ask.

5 MR. GERITY: I have two more questions, Mr.
6 Commissioner.

7 Q. Captain Baxter, in discussion of the
8 possible costs in going down the seaway to Montreal
9 does it depend entirely on what tolls are charged on
10 the seaway?

11 A. Yes, but it is not -- it will have an
12 important bearing on it.

13 Q. Can you tell me whether in your opinion
14 the Welland Canal can handle much more traffic?

15 A. No, I think the Welland Canal has just
16 about reached its capacity.

17 Q. How long on an average does it take to
18 get one of your ships through the Welland Canal
19 now?

20 A. Twelve hours, fourteen hours. This T.R.
21 McLagan one trip was twenty-two hours negotiating the
22 canal, but the average would be between twelve or
23 fourteen hours.

24 Q. Would you know anything about what
25 the mileage is?

26 A. It is about twenty-eight miles, I
27 believe.

28 MR. MUNDELL: Q. Does it take any longer
29 to take a big ship through than a smaller one?

30 A. Yes, sir, it does.



1 Q. Why would that be?

2 A. Well, there is a terrific amount more
3 weight for the ship. You have to be more careful
4 with it, have to go slower and speed restrictions
5 along the river to the Welland Canal are different
6 for small ships. For example, a small ship would be
7 permitted possibly six miles an hour and a big ship
8 eight miles. I mean, the other way around.
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16 (Page 458 follows)
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1 COMMISSIONER WICKWIRE: Which one takes
2 22 hours, the big one or the small one?

3 A. The big one is permitted six miles.

4 Q. Which one took 22 hours?

5 A. That was the big one, that was due to
6 heavy traffic.

7 MR. MUNDELL: Assured of reasonable efficiency
8 and no extra traffic, how long would a canaller
9 go through in?

10 A. About six hours.

11 Q. How long would it take for a big one
12 to go through?

13 A. A big one would go through in eight
14 hours, that is with a clear canal.

15 Q. As you have suggested, if the fleet
16 was reduced in size and diminished in numbers, it
17 would reduce the traffic on the canal?

18 A. It could.

19 COMMISSIONER WICKWIRE: I wonder if you could
20 clarify for me the difference in the tonnage carried
21 between one of your ships described as a medium size,
22 your four hundred footer, and the upper laker, how
23 much more cargo generally does the upper laker
24 carry?

25 A. A ship of the McLagan type will carry
26 about 23,000 tons.

27 Q. More?

28 A. That is the capacity.

29 Q. She is the biggest one on the lake,
30 is she not?



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A. She is the longest.

Q. On the Canadian side?

A. Yes.

Q. 23,000 tons?

A. 23,000 tons.

Q. What does the average four hundred footer carry?

A. Around 8,000.

Q. Now, when did Canada Steamship Lines cease building 8,000 tonners, they did cease building them?

A. They have ceased building them but it is a long time back.

Q. Could you, for my benefit at least, give me some of the history and development of the movement of traffic on the lakes? When was it realized that the big boys were the most efficient and most economical?

A. Around 1950, I believe, as far as I can say.

Q. As far as your company is concerned?

A. Yes, I am not too sure of that.

Q. Have any of the medium sized ships been built, or have they been built within the last few years?

A. We have not built any.

MR. GERITY: If I might interrupt, I think the answer is when the McArthur lock at the Soo was built the largest sized vessels -- until the McArthur lock at the Soo was built the largest



1 sized vessels could not get into Lake Superior. I
2 think that is the answer, but I am prepared to file
3 a directory with a list of all the ships on the
4 lakes and their tonnages, it is called Green's
5 Directory..

6 THE CHAIRMAN: It is not in the Canada Steam-
7 ship Lines brief?

8 MR. GERITY: I think so, but I think the
9 answer is the McArthur lock which was finished in
10 1942 enabled them to take bigger ships, it will
11 take 800 feet.

12 MR. MUNDELL: The Welland was the only canal
13 up till then that would take that size.

14 COMMISSIONER WICKWIRE: Do you know if any
15 of the smaller type or medium-sized ships are still
16 being built?

17 MR. GERITY: I have not seen any new building
18 on either side of the lake of the smaller sized
19 vessel, they are nearly all large now. I do not
20 think either the Americans or anybody here are
21 building anything but big, fast ships and, of
22 course, package freighters.

23 COMMISSIONER WICKWIRE: Now, Captain, you
24 have mentioned that the profit was less for self-
25 unloaders, referring to your coal ships?

26 A. That is right.

27 Q. Well, why?

28 A. For one reason, there is considerable
29 American competition there and the high cost of
30 repairs on the self-unloaders. We have self-



1 unloaders that go through sixteen locks and make
2 two ports in 48 hours, that is a lot of wear and
3 tear on your equipment.

4 Q. But you say ---

5 A. They carry big crews, I believe, there
6 is a lot of extra equipment to take care of that.

7 Q. You have not made it clear to me why
8 the profit would be less on a self-unloader than on
9 an ordinary ship carrying coal that you have to use
10 the ordinary facilities. There may be a reason for
11 it but you have not made it clear to me.

12 A. I do not know whether I can make it
13 clear to you.

14 Q. It just happens that way?

15 A. It happens that way. We would not
16 consider converting another ship to a self-unloader.

17 Q. Pardon?

18 A. We would never consider converting
19 another of our ships to a self-unloader.

20 Q. And the only other question I have, you
21 said you were sure that Canada Steamship Lines
22 would not care to invest in new ships, that is,
23 if United Kingdom and foreign ships were allowed to
24 come in, you would not be making that decision
25 for Canada Steamship Lines?

26 A. No, that is right, sir.

27 Q. Thank you.

28
29 ---The witness retires.

30 MR. GERITY: There are some more figures



1 contained in this book called the Annual Report of
2 the Great Lakes Protective Association, which is
3 an organization in Cleveland, and the Commission
4 may find it useful, it is similar to the Lake
5 Carriers' Report, but it deals with many matters
6 to a great extent.

7 THE CHAIRMAN: That will be Exhibit 14,
8 the Annual Report of the Great Lakes Protective
9 Association which is a self-insurance organization
10 in Cleveland that American ship companies are
11 members of.

12
13 ---EXHIBIT NO. 14: Annual Report of Great Lakes
14 Protective Association.

15
16
17 HAROLD CRATE, called.

18 BY MR. GERITY:

19 Q. You are a chartered accountant?

20 A. Yes.

21 Q. And a member of the firm of Thorne,
22 Mulholland, Howson & McPherson?

23 A. That is right.

24 Q. How many years have you been in that
25 business?

26 A. 35.

27 Q. And amongst other things, do you do
28 any accountancy work for shipping companies?

29 A. Yes.

30 Q. And some time ago a circular was sent



1 to the members of Dominion Marine Organization and
2 I understand that they filled out the circular
3 and returned it to you?

4 A. To the extent that they did, yes.

5 Q. In other words, you were the only
6 person who saw all the information?

7 A. That is right, sir.

8 Q. And as a result of that, I understand
9 you have prepared this consolidated balance sheet
10 of the industry, is that correct?

11 A. The information I have is not in
12 balance sheet form, it is information of a
13 consolidated basis.

14 Q. I am sorry, Mr. Chairman, I only have
15 this one copy.

16 A. I have an extra copy or two.

17 Q. Now, Mr. Crate, the purpose of this
18 statistical data was to show, was it not, just how
19 much money is spent every year by the shipping
20 companies on various things?

21 A. That is correct, and certain items
22 with respect to the balance sheet.

23 Q. Now, the first item which is entitled
24 Vessel Wages, you say that 82% of your inquiries
25 were answered?

26 A. Inquiries were answered which rep-
27 resent 82% of the fleet.

28 Q. How much money did they spend in the
29 year 1954 on wages?

30 A. On vessel wages, \$13,034,676 for



1 82% of the fleet, and for salaries and salaries for
2 shore services \$2,716,547.

3 Q. And the next figure, what is that one?

4 A. The aggregate amount of income tax
5 withheld from such wages and salaries on the basis
6 of 82% was \$1,821,038.

7 Q. And you table 7,168 employees, do they
8 include only ship personnel or shore personnel?

9 A. They include both, and that represents
10 81%.

11 Q. And how much money was spent last year
12 on fuel?

13 A. \$6,337,339.

14 Q. And how much money was spent on your
15 engine room supplies?

16 A. \$570,289 for 82%.

17 Q. And how much on insurance premiums?

18 A. \$3,406,263.

19 Q. And you do not know where that money
20 goes, except that it goes out in premiums?

21 A. That is correct. Repairs and paint
22 were before that, if you would like that.

23 Q. Well, your inquiry did not disclose
24 whether the insurers were United Kingdom ones or
25 Canadian ones?

26 A. No, that question was not asked.

27 Q. And how much money was spent on
28 provisions last year?

29 A. \$1,876,501 for 82%.

30 Q. Now, this item for port and dock



1 charges, what comprises that heading?

2 A. The largest portion of it consists of
3 loading and unloading charges which are payable by
4 ships, such as elevator charges on grain.

5 Q. And one other figure that interests me
6 is the total insured value of the fleet, what
7 figure have you got for that?

8 A. For 82% of the fleet it was
9 \$174,926,000.

10 Q. And in your opinion would that rep-
11 resent a fair method of estimating the value of
12 the fleet?

13 A. It is a basis upon which people are
14 prepared to pay premiums and I would think for
15 that reason that it ought to be a believable,
16 realistic value.

17 Q. Well, is there any other method by
18 which one can arrive at the value of the fleet?

19 A. Short of having appraisals made, I
20 cannot think of any other that would reflect the
21 present day value.

22 Q. Mr. Chairman, I should say in
23 admiralty damage actions the insured value is not
24 admissible as evidence of value, and the only
25 method it could be arrived at is by bringing in
26 witnesses who will give their opinion.

27 THE CHAIRMAN: I did not know that was the
28 rule.

29 MR. GERITY: We wanted to be able to put
30 forward some figure here.



1 THE CHAIRMAN: I understand that.

2 COMMISSIONER WICKWIRE: Admittedly it is
3 substantial.

4 MR. GERITY: It will also be my position
5 later that a good deal of the insurance premiums
6 go to the United Kingdom and are a very large
7 source of dollar earnings in that country. Now,
8 one question, Mr. Crate, looking at the ships
9 from a competitive point of view, would you say
10 capital cost was an item of importance?

11 A. Yes.

12 Q. And what would you say was the next
13 most important item?

14 THE CHAIRMAN: He has not said it was the
15 most important.

16 A. You asked me ---

17 MR. GERITY: Well, is it an important item?

18 A. Yes.

19 Q. What is the most important item?

20 A. I believe vessel wages would be the
21 largest single item in an income account of a
22 steamship company.

23 Q. This item you have put down for
24 accumulated depreciation, could you explain that,
25 what is that figure?

26 A. It represents the accumulated
27 depreciation with respect to 63% of the fleet
28 against capital costs of approximately
29 \$115,000,000, that is book values of \$115,000,000,
30 it is the accumulated amount of depreciation



1 previous to the end of the 1954 fiscal year.

2 Q. Does it, from your point of view,
3 does it make any difference to an operator in the
4 lake run whether he depreciates in five years or
5 twenty years?

6 A. From what point of view, taxing, for
7 instance, or ---

8 Q. I have this in mind, under the Vessel
9 Construction Assistance Act it is possible to
10 depreciate rapidly, is it not?

11 A. Yes.

12 Q. Then, I wanted to ask you whether in
13 the long run it makes any difference to an operator
14 whether he depreciates in five years or twenty
15 years?

16 A. Assuming he keeps the ship for twenty
17 years and the rate of taxation is level throughout
18 that period, it makes no difference to him.

19 COMMISSIONER WICKWIRE: I am sorry, I did
20 not hear that.

21 MR. GERITY: Will you give the answer again?

22 A. Assuming that the vessel remains in
23 the same hands for twenty years, and the rate of
24 income tax is steady throughout that period, he
25 gains no ultimate advantage. Most owners would
26 prefer to recover their capital cost as quickly
27 as possible.

28 COMMISSIONER WICKWIRE: They can cover it
29 in three years?

30 A. If the earnings permitted, I



1 believe it is possible, I believe though that has
2 not been the case.

3 MR. GERITY: Well, Mr. Crate, that Vessel
4 Construction Assistance Act is, as far as lake
5 operators are concerned, is that the only
6 assistance our Government offers them?

7 A. I have no knowledge of any other
8 assistance.

9 Q. They offer them canals, of course?

10 A. Yes.

11 Q. Your witness.

12 BY MR. MUNDELL:

13
14 Q. I take it that in the circumstances
15 this is submitted, I can only ask some very general
16 questions. I would be interested in knowing, in
17 preparing this statement you circulated a
18 questionnaire to each company and got certain
19 figures back?

20 A. Yes.

21 Q. Have you any reason for believing,
22 or do you know whether or not the figure that you
23 got from each company would be comparable, would
24 be on a comparable basis with each company?

25 A. We asked in the questionnaire that
26 they submit them in a certain way as to the
27 classification of expenses and if their own
28 accounting method did not permit that ---

29 Q. In effect, you gave them instructions
30 for reconciliation?



1 A. Yes, we gave them classes of things
2 we wanted information on and I have no reason to
3 believe it was not reported correctly. The
4 figures might have been put in on a different
5 basis in each company.

6 Q. This is really only a rough figure?

7 A. Well, there were certain inconsis-
8 tencies which we corrected by subsequent
9 correspondence and I believe these are compiled
10 on a consistent basis.

11 Q. Thank you.

12
13 ---The witness retires.

14 MR. GERITY: I have only one more witness
15 but one question that came up this morning and
16 I think is in your lordship's mind about the
17 type of vessel that may be built, I would like to
18 call a witness in Montreal who is an expert in
19 design and classification of ships.

20 THE CHAIRMAN: Very well. We will take a
21 short recess now.

22
23 ---Intermission.

24 _____
25
26 IRA McEWEN, called.

27 BY MR. GERITY:

28 Q. You are traffic manager of N. M.
29 Paterson & Sons Limited?

30 A. Yes, sir.



- 1 Q. How long have you been in that work?
- 2 A. I have been 28 years.
- 3 Q. And your office is in Montreal?
- 4 A. That is right, sir.
- 5 Q. And the head office of your company
- 6 is in Fort William?
- 7 A. Yes.
- 8 Q. How many ships has your company got?
- 9 A. Our company have 34 ships.
- 10 Q. And have you any package freight
- 11 vessels?
- 12 A. We have none.
- 13 Q. You have a licence, though?
- 14 A. We have licences for all our ships.
- 15 Q. But you do not carry any package
- 16 freight?
- 17 A. That is right.
- 18 Q. Do you do any trade below Montreal?
- 19 A. A lot.
- 20 Q. Mostly what?
- 21 A. Newsprint, pulp, pulpwood, mostly
- 22 coal.
- 23 Q. What parts do you run down there?
- 24 A. We go as far as Newfoundland.
- 25 Q. Now, could you tell me, Mr. McEwen,
- 26 you have one big ship, have you not?
- 27 A. One medium size, 13,500 tons.
- 28 Q. What length is she?
- 29 A. 580 feet.
- 30 Q. That is the Paterson?



1 A. The Paterson.

2 Q. Can you tell us how much it costs to
3 run that ship per day?

4 A. I would think about \$1600 a day.

5 Q. Does that include everything, fuel?

6 A. Yes, I would say it includes everything.

7 Q. What ships have you around 400 feet?

8 A. We have 17 ships.

9 THE CHAIRMAN: Did you say 580 feet?

10 A. 580 feet, sir.

11 MR. GERITY: Q. And how much would it cost
12 to run one of the middle sized ships?

13 A. Oh, probably \$1200.

14 Q. And your canallers, how much do you
15 think it would cost to run one of those every day?

16 A. Probably a shade more than \$800.

17 Q. Now, as regards competition with
18 United Kingdom vessels, do you consider that capital
19 cost is an important item?

20 A. I certainly do.

21 Q. What do you think is the most important
22 item from a competition point of view?

23 A. Well, I suppose wages and the fact that
24 others pay less.

25 Q. And would you give us your opinion as
26 to whether you could meet competition from United
27 Kingdom vessels?

28 A. I find it rather difficult, actually
29 I do it, but I find it very difficult.

30 Q. And what would your opinion be as to



1 competition from foreign vessels?

2 A. I think it would be impossible to meet
3 competition from foreign vessels.

4 Q. Now, you do a certain amount of business
5 in the coal trade, do you not?

6 A. We do a lot, yes.

7 Q. A previous witness has told us there is
8 a small margin of profit, do you agree with that?

9 A. I sometimes wonder if there is any
10 profit.

11 Q. Can you tell the Commission why that
12 is so?

13 A. We generally use coal on return from
14 more lucrative cargoes, it is in a sense a low-
15 cost commodity and cannot bear a very substantial
16 rate.

17 Q. With whom do you have to compete for
18 that trade?

19 A. Well, our good friends in the Associa-
20 tion and others, probably Americans.

21 Q. The Americans?

22 A. Yes.

23 Q. Does all the coal that you ship come
24 from Lake Erie?

25 THE CHAIRMAN: What Association?

26 A. The Dominion Marine Association.

27 MR. GERITY: You do not carry any coal from
28 Nova Scotia, do you?

29 A. Some.

30 Q. Where do you ship that from?



1 A. Sidney, Nova Scotia.

2 Q. Have you been in the trade recently?

3 A. No.

4 COMMISSIONER WICKWIRE: Sidney to where?

5 A. Sidney to Kingston, Sidney to Montreal
6 and Three Rivers, etc.

7 MR. GERITY: Do you have any ships in the
8 iron ore trade?

9 A. Yes, those are on our big ships.

10 Q. Where do they run from?

11 A. We have a service from Steep Rock or
12 Fort William to various lake ports on the American
13 side, we carry a lot of ore from the Gulf, Seven
14 Islands to American ports, probably one million
15 tons in all.

16 Q. One million tons a year?

17 A. Yes.

18 THE CHAIRMAN: Where does it go?

19 A. I beg your pardon?

20 Q. You take some from Steep Rock, is that
21 dock. in Port Arthur or Fort William?

22 A. I think it is in Fort William, it is
23 in between the cities, anyway. I am a Fort
24 William boy.

25 MR. GERITY: And you take that ore mostly
26 to United States ports?

27 A. Yes, practically all.

28 Q. You do not carry any ore between
29 United States ports?

30 A. We are not allowed to.



1 Q. You have been allowed to on occasions,
2 have you not?

3 A. Yes, during emergencies.

4 Q. And your vessels, do they use American
5 locks or Canadian locks at the Soo?

6 A. Some use the American locks going down
7 loaded, the depth of water is better, we use our
8 own locks coming up light.

9 Q. What length of vessel could you use on
10 our own locks?

11 A. We can get our biggest vessel through
12 light but not loaded.

13 Q. The downbound draughts are greater
14 than the upbound draughts in most of the channels,
15 is that not right?

16 A. That is right.

17 Q. When the Seaway is completed what would
18 your opinion be about the future of the minimum
19 sized vessels on the Lakes?

20 A. I think they will gradually disappear.

21 Q. In favour of what?

22 A. Probably vessels of the same tonnage
23 will reappear but they will be a different type.
24 There will be a place for large vessels too, of
25 course.

26 Q. Well, generally speaking, from a
27 profit or competitive factor, would you rather
28 operate a big ship or the medium size?

29 A. I would like to have some of each.

30 Q. Is there any advantage in having



1 medium sized vessels at the present time?

2 A. Very much.

3 Q. What is it?

4 A. Because the medium size, a lot of our
5 customers do not have tremendous cargoes as can be
6 fitted in the larger ships.

7 Q. And some of the ports on the American
8 side of the lake, are they convenient for big
9 vessels?

10 A. They cannot handle big vessels.

11 Q. That would be true of Lake Erie or
12 Lake Ontario?

13 A. It would, yes. A lot of companies
14 prefer smaller vessels.

15 Q. Now, any opinions you may have as to
16 the future of the grain rate would have to be
17 dependent on the relation of what tolls they
18 charge on the canals, but do you think when the
19 Seaway is completed that you will be able to carry
20 grain at a lesser rate than you do now?

21 A. Well, I think we will always carry
22 grain at the market rate, supply and demand always
23 provide the rates, but it seems reasonable to me
24 that the elimination of the transfer point will
25 automatically provide some cause for a lessening
26 of the rate. Other than that, I think it will
27 be governed by the market. When these big
28 ships get in, though, it might pull them down
29 a bit.

30 Q. Your firm maintains a vessel agency



1 in Winnipeg?

2 A. Yes, we have grain brokers there.

3 Q. And they pick your cargoes?

4 A. Yes.

5 Q. Is it a feature of the Canadian grain
6 trade that there should be a through bill of
7 lading to Montreal?

8 A. I think actually we are carrying on a
9 through bill of lading to Montreal.

10 Q. That provides for a stated laid-down
11 price at Montreal?

12 A. Yes, it does.

13 Q. Do you know whether the United States
14 operators will carry grain on a through bill of
15 lading?

16 A. No, I do not.

17 Q. You do not know?

18 A. No, I do not. I might say there is
19 very little American grain moves through the port
20 of Montreal, and all that does moves through on a
21 permit.

22 COMMISSIONER WICKWIRE: Under what?

23 A. Under permission.

24 THE CHAIRMAN: Most American grain goes to
25 Buffalo?

26 A. I suppose so, yes.

27 MR. GERITY: Well, when the Seaway is
28 through, Mr. McEwen, the American farmers would
29 have to be able to ship grain through to
30 Montreal?



1 A. I hope so, I look forward to it.

2 Q. Where will they get the elevator
3 space?

4 A. They will build them, too, their ports
5 are promising great development.

6 Q. No private operator could build an
7 elevator, could they?

8 A. Where?

9 Q. On national harbour's property?

10 A. I am talking about at the shipping
11 points, Chicago and Milwaukee, areas of that
12 nature.

13 Q. My friend, the counsel to the Com-
14 mission, was interested in knowing what plans, if
15 any, there are to provide facilities for the big
16 upper lakers at Montreal, you could tell us that,
17 could you not?

18 A. Yes, there are very substantial plans,
19 I think we can plan on having berths for at least
20 three large vessels at Montreal with the opening
21 of the Seaway, probably we will have additional
22 storage of somewhere between five million and
23 ten million.

24 Q. Five million or ten million bushels?

25 A. Additional.

26 Q. Do you know if there are any plans
27 afoot to provide elevators down river?

28 A. No, I do not, I would assume they
29 would have to do something at Quebec.

30 Q. Do you think, Mr. McEwen, that United



1 Kingdom vessels should be allowed to come in through
2 our Seaway and compete with your company?

3 A. I certainly do not.

4 Q. Do you think -- have you any opinion
5 about the iron ore trade from Seven Islands passing
6 to the hands of foreigners?

7 A. Yes, I believe that is where it is
8 going, everybody is taking iron ore back, but I
9 doubt if we will have any in a few years, unless we
10 have some legislation to reconcile it, it will
11 eventually fall into the hands of foreign ships,
12 not part of it, the whole thing, under the basis
13 that we cannot compete with them.

14 Q. Do you know if anybody has any plans
15 at the present time to get foreign ships into that
16 trade?

17 A. I would not be able to say that
18 definitely, but I have heard many rumours of many
19 large ships prepared now to use that ore.

20 Q. I think later we are to hear from the
21 Iron Ore Company of Canada, and perhaps they can
22 tell us. Tell me, Mr. McEwen, do you think the
23 Welland Canal can handle much more traffic?

24 A. I do not, I think it is a real bottle-
25 neck at the moment.

26 Q. What is the average passage that your
27 ships are having?

28 A. I would guess this to be at best
29 16 to 18 hours now through the Welland Canal.

30 Q. That is so because of the traffic?



1 A. That is right.

2 Q. Do you find that foreign ships canal
3 slowly?

4 A. Very, very slowly, they are a nuisance.

5 Q. And your ships are all especially
6 equipped for canals?

7 A. That is right, especially built for
8 that purpose.

9 Q. That is to say, they have special means
10 for handling lines, that is one thing?

11 A. Yes.

12 Q. They have no bilge keels?

13 A. Well, the boys are all experts at it,
14 they have been raised to it, they are Canadians.

15 Q. The employees aboard your ships, are
16 they all Canadians?

17 A. Every one.

18 Q. Do many of them come from the Maritimes
19 or Newfoundland?

20 A. Yes, we have plenty, and they are
21 splendid boys, too.

22 Q. And you look to both those places as
23 a source of labour?

24 A. We do.

25 Q. It is very natural that seamen should
26 come from there?

27 A. That is right.

28 Q. If your trade is not given some
29 reasonable protection of the laws, what do you
30 think will happen to it?



1 A. Well, it is going to make it most
2 difficult for a bit, and eventually we will probably
3 be forced under, either that or we will have to
4 take whatever means we have at our disposal to
5 change the registry of our ships or something, but
6 there is certainly no future if we do not have
7 some protective legislation, and quickly.

8 Q. Would you register your ships in
9 Bermuda?

10 A. No.

11 Q. Would you register them in Nassau?

12 A. No.

13 Q. Well, if you were registered in
14 Nassau there is nothing to prevent you trading on
15 this coast?

16 A. I am talking directly, but indirectly
17 we could probably register them anywhere in the
18 Commonwealth, and that is probably what would happen
19 and we would probably be in the state of the
20 Commonwealth to get the cheapest labour.

21 Q. Do you think you provide ---

22 A. I think the handling per bushel of
23 grain is the lowest, it is not comparable with any
24 other way of handling grain, I think it is about
25 one-eightieth of a cent per bushel.

26 Q. Your witness.

27 MR. MUNDELL: I did not hear the last part
28 of your question.

29 A. I believe it is one-eightieth of a
30 cent per bushel.



1
2 Q. You are the traffic manager of
3 Paterson's?

4 A. Yes, sir.

5 Q. What are your duties and responsibil-
6 ities?

7 A. Operating the fleet, soliciting
8 business, seeing that the cargoes are delivered and
9 dispatched promptly, maintenance of the vessels and
10 the general routine.

11 Q. What is the significance of "traffic"
12 in the title?

13 A. Well, if we have a customer in New
14 York I visit him and solicit his business.

15 Q. And you manage the fleet, too?

16 A. Yes, I manage the fleet, too.

17 Q. I was just curious, do you fix the
18 rates the company offers?

19 A. I fix all the rates except grain.

20 Q. Who fixes the grain rates?

21 A. The Board of Grain Commissioners or
22 the Wheat Board, they fix them at the maximum, and
23 the maximum is generally at that level where it is
24 the general rate. I am speaking for the present.

25 Q. How long has that condition con-
26 tinued?

27 A. Well, I guess the last couple of years
28 that was laid down but about financial costs, I
29 think other witnesses have told you that the profit
30 in ore has now surpassed grain, so when that
situation occurs it is readily known to a ship man



1 that the profit in grain is quite deteriorated.

2 Q. I think that might answer your question
3 of this morning, sir. Then, in the general pattern
4 of your business, as I understand it, you carry ore
5 from Steep Rock or from Port Arthur -- Fort William
6 to United States ports?

7 A. That is right.

8 Q. And coal, you carry sometimes from the
9 Maritimes but none of that now?

10 A. Oh, yes, we carry lots of coal from
11 Lake Erie and Lake Michigan to Canadian ports on
12 Lake Superior or Lake Huron, we carry coal to Lake
13 Ontario, to river and gulf ports, as well as coal
14 in from Sidney.

15 Q. And below Montreal you carry pulp and
16 paper?

17 A. Newsprint, chiefly, and pulpwood.

18 Q. Where to?

19 A. For instance, we are carrying pulp to
20 Dalhousie in New Brunswick from Baie Comeau to
21 Michigan, we are carrying newsprint from all points
22 below to Rochester, Cleveland, Buffalo, Chicago.
23 That is the general outline.

24 Q. That is an international voyage, is
25 it not?

26 A. Yes.

27 Q. This proposal that is put forward,
28 anybody could compete with you on that now?

29 A. This agreement with the United States
30 is one that is very much cherished by our company



1 because if we have the trade with the United States
2 in and by agreement, the ships of one or the other
3 nation, then we can compete as we do in a friendly
4 manner with them to the success of both, but if it
5 is not limited and foreigners come in, we are out.

6 THE CHAIRMAN: That is not even proposed
7 by the Association that the trade be limited to
8 Americans, because that trade operates east of the
9 line proposed as the eastern limit of the inland
10 waters.

11 A. All the business I am talking about
12 is within those limits with the west end of
13 Anticosti Island.

14 Q. I thought you said you went to
15 Newfoundland?

16 A. Not in this business.

17 Q. Where do you pick up your newsprint?

18 A. A lot in Newfoundland, but the part I
19 am referring to is picked up at Three Rivers,
20 Quebec City.

21 Q. That is newsprint that goes to the
22 United States ports?

23 A. Yes, that is the part I was referring
24 to when I said I hoped we could have that agree-
25 ment with the States.

26 MR. MUNDELL: I have not a very clear pic-
27 ture, you operate in several different spheres,
28 but what part of it do you think will be affected,
29 what changes will occur as a result of the open-
30 ing of the St. Lawrence Seaway?



1 A. Well, of course, we have it now, we
2 have had it for years in our company, different from
3 most companies, we have had the British com-
4 petition. As for building on Seven Islands, we
5 had all the work there the first year, and the
6 second year they brought in British ships and they
7 chartered a ship of 7400 tons at a lesser rate
8 than I could possibly charter the ship which was
9 on charter the previous year at \$3,000, simply
10 because they pay less money and they feed like --
11 well, I should not say dogs, but they do not put
12 on the table we do.

13 Q. You are open to competition below
14 Montreal?

15 A. Oh, yes, we are competing with them
16 every day. You mentioned a couple of ships
17 trading to the Bay, two British ships traded
18 several years ago from Fort William, they are
19 still trading down the Gulf in competition with
20 me. We trade up north in Labrador and all those
21 places and we meet them every day.

22 Q. Will the pattern of your type of
23 business change, will you use a larger vessel?

24 A. I think the Seaway will develop the
25 vessel rather than the vessel develop the Seaway,
26 in other words, you will cut your cloth to fit
27 the suit, and my recommendation would be we wait
28 until the Seaway becomes nearer a fact and see
29 what ship would be more reasonable. I do not
30 think a giant ship is the answer, it is only



1 part of it, I think there will be work for the
2 canallers for years to come, because we probably
3 will have several hundred ports outside and inside
4 that will not be made ready for large ships. I
5 cannot visualize a 20,000 tonner carrying pulpwood,
6 he would be there all summer loading.

7 Q. I am just trying to figure out what
8 changes would come to your business, you do not
9 expect to go into larger types of vessels
10 originally?

11 A. I do not have much to do with the
12 policy of the company, but at the moment I would
13 think we would approach it very gently to see how
14 it goes. I think the large ship our company built
15 last year is probably nearer the answer than some
16 others.

17 Q. That is a 580 foot ship?

18 A. That is right, it is 13,000 tons,
19 13,500.

20 Q. What is she in now?

21 A. Ore, grain.

22 Q. In the upper Lakes?

23 A. That is right.

24 Q. I was wondering what kind of vessel
25 would be coming into the trade, say in the
26 international trade you do from Quebec to
27 Cleveland, or what change in the trade will
28 occur by reason of the Seaway?

29 A. Well, if you do not legislate against
30 them they will come in here with a ship, I think



1 there has been a misunderstanding there, the ship
2 that comes in from the British or from foreigners,
3 somebody mentioned a Liberian or Panamanian, that
4 ship will be one which can adapt itself to the
5 Great Lakes service for seven, eight or nine months,
6 scat out to sea and work three, four or five months
7 at sea, and come back the following spring. He
8 will be like the ducks, just following the season.

9 Q. You say she will be able to out-
10 compete you?

11 A. Yes, she will have Chinese and Lascars,
12 and they operate for next to nothing. I fitted a
13 ship in Rotterdam two years ago and for every
14 dollar I spent I got four dollars worth of labour
15 and material, so that is the big thing with
16 reference to the Dutch.

17 Q. You put it entirely on wages, or do
18 you include the capital cost?

19 A. I do not worry about it, it is just the
20 value of the dollar, I am talking gross, or as you
21 say, net freight, that is the gross after handling,
22 it is a straight case of dollars, and those
23 operators over there, I have seen ships come from
24 the United Kingdom and foreign ports with their
25 bunkers full of coal, put the coal on the wharf
26 at Montreal, go up the Lakes, deliver the cargo
27 they have, pick the return cargo up at Montreal
28 and put back on in addition the coal they brought
29 with them in the first place and then the Captain
30 might order a dozen bananas and away they go.



No bananas, I guess, in Norway.

Q. Do you know anything about the depreciation of the capital cost of these ships, could you give us the figure?

A. Well, if you can direct a question I might help you.

Q. In the case you gave us, did that include the amortization of capital cost?

A. I would say so, yes -- well, I would say I do not know, I frankly think it does but I am not sure.

Q. But, if it is in there or not in there, you still think it is a very important item?

A. Well, it is a big item, anyway.

Q. Now, in your fleet of 34 vessels, how many of them were built in Canada?

A. Probably half a dozen.

Q. The balance were --- ?

A. We started our fleet off with -- I guess the first boats we had were built in the 1914-18 war. Prior to that I think we had a couple of small boats, I do not know where they were built, then we had the ships that came out of the first war, Government boats, we operated those for a while, and gradually moved into ships of another type and at that time we were permitted to buy ships from the United States so we took on about a dozen ships from the States, that formed the main part of our fleet. Then, after



1 the war, I think it was in 1926, 1927, 1928 and
2 1929, in those years the British put on a great
3 building programme of cheap ships and the country
4 here was flooded with them, that is actually the
5 nucleus of the canal fleet as it is to-day,
6 the ships that were put in by the British at that
7 time.

8 Q. You say you have half a dozen Canadian
9 built ones, when were they built?

10 A. I think the Paterson was completed
11 last spring or a year ago last spring, that is the
12 latest one.

13 Q. And the others?

14 A. One the year before -- oh, say the
15 last five or six years.

16 Q. Why were they built here?

17 A. During the war we went to South America
18 to haul bauxite and we lost the whole works.

19 Q. Why did you have them built here
20 rather than abroad?

21 A. Well, in those years you couldn't
22 find a place to build a rowboat, it was a question
23 of getting a berth to build something.

24 Q. Cost was unimportant in getting a
25 ship?

26 A. Well ---

27 Q. Would it have been cheaper to get
28 them abroad?

29 A. I do not think at that time it was
30 cheaper but it would take three, four or five



1 years to get a berth. I am talking about 1943, 1944
2 and 1945.

3 Q. Was that during the last year?

4 A. No, it was available in Canada but
5 space is tight in England yet, you could not build
6 in England, it is a special lake type ship, I do
7 not think it possibly could cross the ocean.

8 Q. Could you give any figures on the ton
9 mile cost of carrying grain?

10 A. No, I cannot.

11 Q. Or carrying cargo?

12 A. No.

13 Q. You cannot give that?

14 A. No.

15 Q. I am sorry to go back to this question
16 again, but you operate in several different areas
17 from Montreal down, you can be competed with now
18 on the international runs and on the coast?

19 A. Yes, we meet some British -- now, it
20 is only British ships.

21 Q. The St. Lawrence Seaway will not affect
22 that, will it?

23 A. I don't know.

24 Q. You are competing now?

25 A. Well, the scope or the possibilities
26 for use of the British coasters now in the outside
27 trades will probably increase when they find access
28 to the inland waters if the legislation remains the
29 same as it is to-day under which the British ships
30 are permitted to coast.



1 Q. You expect the competition will become
2 more fierce?

3 A. Well, the honey will get sweeter.

4 Q. But at the moment you are competing
5 with them?

6 A. In probably three or four of my trades
7 but the type of ship they bring across the ocean
8 to compete with me is generally a very small type
9 of coastal ship and not nearly as efficient as
10 ours. We have far better carriers.

11 Q. You think a better type of vessel
12 would come over?

13 A. If they have more lucrative trades,
14 yes.

15 Q. And you could not stand that com-
16 petition although you are able to stand up to this
17 competition?

18 A. I am not too much worried about the
19 British, I think if the British scale of wages was
20 brought up they would not be too hard to compete
21 with and the scale of living, but I am frightful
22 of foreign ships, I do not think it is possible,
23 and for some reason they seem to be able to come
24 out with new tonnage. The present law only
25 allows the United Kingdom.

26 Q. You think you could get along with
27 them, do you?

28 A. You are dealing only with half the
29 question, I consider that important but I consider
30 the other half just as important.



1 Q. In other words, you consider the most
2 important submission put forward by your
3 Association is the one limiting the lake trade
4 between United States and Canada?

5 A. I think they are equally important,
6 they are both very, very serious.

7 Q. Is there any guarantee, or, rather,
8 could you compete with the Americans?

9 A. Yes, we will take our chances with the
10 Americans, they live like we do and are more like
11 ourselves.

12 Q. And they pay higher wages?

13 A. Yes, but they spend a little more on
14 capital.

15 Q. There is no guarantee you will get any
16 part of that?

17 A. We will take our chances with them in
18 the trade if we are able to hold that trade between
19 the ships of the two countries on the inland waters.
20 I think it would complement the fleets of both
21 nations and provide us with a backlog. I had
22 the privilege in the Army during the war and I
23 was pulled from the Army and was sent down south
24 with a fleet of lake boats to bring the bauxite
25 out of the jungles. I was so proud of the
26 sixteen Canadian ships manned fully by Canadians.
27 I think we can never let it occur that we do not
28 have sailors and ships available. I mean, the
29 only places I can see where you are going to have
30 them is in the inland waters, coastal waters, they



1 are splendid sailors but there are not enough of
2 them to maintain the fleet, they are having their
3 difficulties.

4 Q. I think that is all the questions I
5 have.

6 COMMISSIONER WICKWIRE: I understood you to
7 say you were competing now with the British carry-
8 ing material from Sidney to Montreal?

9 A. No, not carrying material, generally
10 my competition with the British has been on the
11 coastal business from Montreal to Seven Islands
12 during the building of the railway there, during
13 our time they put in the larger ships run by
14 British standards. I also met them in my
15 competition going to the far north, Goose Bay and
16 Labrador, I ran into them all the time.

17 Q. Well, do you carry coal to any extent
18 from Sidney?

19 A. There was a time when I had ten ships
20 working that trade.

21 Q. In competition with the United Kingdom
22 ships?

23 A. Well, no, I would not think so, at
24 that time, that was several years ago, at that
25 time rates were up, you will find that trade of
26 the salt water type, they are only available when
27 your rates are better and if the rates are cut in
28 Hong Kong you won't see a ship here.

29 Q. So, when your ships were employed,
30 ten of them, you say?



1 A. I would think probably it was probably
2 the reason I got the contract, but I hauled
3 steadily with ten ships.

4 Q. Well, do you know?

5 A. Well, it must have been the reason,
6 I bid on the business and got it in competition
7 with everything.

8 COMMISSIONER BELANGER: You do not have it
9 now?

10 A. No, Dominion Coal run the ships and
11 they have chartered and owned ships now, they carry
12 their own coal, they carry their own coal. I
13 understand from their coal requirements or sales
14 to Canada had dropped and coal generally, as
15 you asked the previous witness, to the lower St.
16 Lawrence is about 25% of what it was.

17 COMMISSIONER WICKWIRE: And it is diminish-
18 ing?

19 A. Yes, when the big boats get through
20 the water there won't be any coal to haul down,
21 they are all converting to hydro, to oil, and you
22 see the effect on that.

23 MR. MUNDELL: I am finished, Mr. Chairman.

24 THE CHAIRMAN: I want to be sure I under-
25 stand your evidence, you say the Paterson is a
26 special lake type ship which could not be built
27 in England and could not possibly cross the ocean?

28 A. That is my feeling.

29 Q. You heard Mr. Lowrey say they make
30 a duplicate of our ship now and bring it out?



1 A. I think you misinterpreted his remarks,
2 I think what he meant was that the ship that came
3 in from England, Japan or any other country would
4 be a ship such that could not work in the trade.

5 Q. I am talking about the efficient
6 operator in the Canadian lake trade and yours is
7 one, the Scott Misener is another, the McLagan is
8 another, there is a list of them in Exhibit 8.
9 Now, those are efficient boats built for the
10 Canadian trade in the Great Lakes?

11 A. Yes.

12 Q. Can those boats be matched in England
13 and sailed across here?

14 A. No, it is my firm opinion they cannot.

15 Q. Your view agrees with what I heard
16 elsewhere but it disagrees with a few expressed
17 this week.

18 A. Probably so, but that ship cannot be
19 brought across the ocean.

20 Q. Thank you.

21 ---The witness retired.

22
23 THE CHAIRMAN: Have you other evidence?

24 MR. GERITY: With the exception, my lord,
25 that I would like to call a naval architect in
26 Montreal on some questions of what ships could
27 or could not cross the ocean. I have none here.

28 THE CHAIRMAN: He is not here?

29 MR. GERITY: No, I did not realize the
30 question was coming up as repeatedly as it has,



but he is an expert in the field. Other than that I have concluded my witnesses and I am prepared to conclude our case if your lordship will give me a few more minutes.

THE CHAIRMAN: Certainly.

MR. GERITY: First of all, I would like to establish that under Section 22 of the Canada Shipping Act that no ship built outside of Canada can be registered in this country without the permission of the Minister. That was formerly Section 21(a) of the amendment of 1950 and the position now is that whether a duty be paid or not paid that you cannot register a ship in Canada that is built outside of Canada unless the Minister gives his permission.

THE CHAIRMAN: Yes, but does not the section continue and say that the Minister shall on payment of a duty?

MR. GERITY: That is a different section, my lord, that is paragraph 13, Part 13 of the Act is a matter of revenue, but Section 22 which was put in in 1950 says definitely that it shall not without the consent of the Minister be registered in Canada. In other words, it is one of the registration sections which, of course, is the subject matter of this inquiry. It is a section that is said to have been put in the Act to prevent the dumping of over-age American lake ships on this coast. It is our position that we are entitled to the reasonable protection of the laws and that



1 we should adopt some simple measure such as changing
2 the word "British" in the Canada Shipping Act to
3 read "Canadian". It is our position and our
4 belief that if our trade does not have this
5 reasonable protection that it will be destroyed
6 and that at a future time this country will find
7 it necessary to replace that fleet using the tax-
8 payer's dollar for that purpose. It is my
9 submission, Mr. Chairman, that no country like
10 Canada can afford to have the essential links of
11 its transportation system pass to the hands of
12 foreigners or United Kingdom operators. There is
13 no trade that they have enjoyed heretofore, we
14 are not suggesting that anything be taken away
15 from them, and all we suggest is that we should
16 have some reasonable protection to preserve our
17 trade. We believe that we will be hurt and we
18 believe that that hurt will be to the detriment of
19 Canada, and we believe at the present time we
20 supply an efficient and necessary service to the
21 western farmers and all other people who are in
22 the business of moving goods in bulk in and about
23 the Great Lakes. It is very difficult to get any
24 figure but it appears that this country and the
25 United States have spent at least \$750,000,000
26 on improving the Great Lakes system and it is my
27 submission, my lord, that we should not spend more
28 money to provide a St. Lawrence Seaway the effect
29 of which will be to destroy native Canadian
30 business. We do not in any way object to foreign



1 or British vessels going into the direct import
2 and export of goods from Canada and they could use
3 the Seaway for that purpose with whatever benefits
4 inure to the inhabitants of the Great Lakes region.
5 It is our second submission that the Great Lakes
6 trade is so important to the United States and
7 Canada that they should take some necessary
8 measures to protect it. We do not think that
9 the vast steel industries all over America should,
10 as far as the essential transportation link is
11 concerned, allow the trade to pass to whatever
12 foreigners may enter into it. It will also be
13 my submission, my lord, that it is possible for
14 operators to build special vessels to get into
15 this trade and to use them in other trades in the
16 winter season without the additional stiffening
17 so necessary previous to handle the ships on the
18 ocean can be offset by the fact they can be used
19 in other trades during the winter months. At
20 the present time, as far as the iron ore trade is
21 concerned, it is possible for a carrier to
22 profitably work during the summer season between
23 Seven Islands and Philadelphia, and in the winter
24 time to get in the Venezualian oil business. We
25 believe the iron ore facilities of this country
26 which we assume will pass mostly to the United
27 States and at least we might get out of it a
28 little carriage business. Naturally, this country
29 cannot use that ore itself in the quantities which
30 are said to be in the Labrador region, but at



1 least we think we are entitled to have some haulage.
2 Now, my lord, unless I can be of some assistance
3 to the Commission on any points, that concludes
4 our case.

5 MR. MUNDELL: May I ask one further question
6 of Mr. McEwen before you close your case? It is
7 a question that I overlooked that in the proposal
8 in the United States resolution, the proposal is
9 that the trade between the countries be limited
10 to ships built and registered in Canada and the
11 United States. The proposal of the United States
12 is to Canadian ships being registered in Canada
13 and I wondered what Mr. McEwen's reaction would
14 be to the American proposal.

15 MR. GERITY: If I might say, the law of the
16 United States requires the vessels for the coasting
17 trade be built and owned by United States citizens,
18 that is one of the references I pointed out in my
19 brief.

20 THE CHAIRMAN: This is the international
21 trade, it is not the coastal trade, you are now
22 speaking of the proposed treaty?

23 MR. MUNDELL: That is correct.

24 THE CHAIRMAN: That is not coastal trade at
25 all, it is United States law that ships in order
26 to be United States registered have to be built
27 there.

28 MR. GERITY: With respect, my learned friend
29 was reading from the resolution that was introduced
30 into the United States Senate, and I understood his



1 question was, why did they mention built, and I
2 say that the Americans mentioned the word "built"
3 because it is a requirement of their law, "built
4 in the United States and owned by a certain
5 percentage of American citizens".

6 MR. MUNDELL: You think the Americans would
7 accept a different kind of Canadian ship, they
8 would not insist on built and registered in Canada
9 ships?

10 MR. GERITY: Well, they might.

11 MR. MUNDELL: I was wondering if that would
12 be acceptable to some of the companies who have
13 a large percentage of ships in operation in
14 Canada.

15 MR. GERITY: Well, Mr. Chairman, I have no
16 instructions on that point but each of the wit-
17 nesses who appeared certainly could have given
18 an opinion on it. I have no objection to having
19 Captain Baxter or Mr. McEwen or any one who is here
20 give his opinion on that point, but I have no
21 instructions on it except to say that the United
22 States laws call for the requirement that is in
23 the resolution.

24 MR. MUNDELL: I am sorry to put this in
25 after you were finished.

26 MR. GERITY: Mr. McEwen, could you give us
27 your opinion?

28 MR. McEWEN: What is the question?

29 MR. MUNDELL: The question was, the
30 United States resolution was in regard to ships



1 built and owned in the United States, and if it is
2 in regard to Canada, built and registered in
3 Canada, would the American proposal be acceptable
4 to your company?

5 A. Yes, I think the interpretation being,
6 I would interpret the thing as this, that if the
7 treaty were made active as of to-day ships we
8 now have registered in Canada would qualify and
9 on the American side it has been pointed out, the
10 provision always has been that they be built
11 there.

12 Q. You mean the Americans would accept
13 Canadian registered ships now?

14 A. As of to-day every Canadian registered
15 ship would qualify, now, what they do after that
16 I do not know. I am satisfied with Section 22
17 of the Act as it stands.

18 Q. Supposing the United States insists
19 on built and registered in Canada, would a treaty
20 on that basis be acceptable to you?

21 A. I certainly would not throw it away
22 because as of to-day it has to be a treaty to
23 take into account, if they were to dismiss
24 tonnage not built in Canada we would have to look
25 over it pretty closely.

26 MR. MUNDELL: The effect of it would be to
27 let you in with these ships and throw you out
28 with the rest?

29 A. I suggest that treaties of that
30 nature are predicated on the circumstances in



1 which you now find yourself. I would not turn it
2 down, I am anxious to make that treaty.

3 MR. MUNDELL: Thank you, Mr. McEwen.

4 THE CHAIRMAN: Well, then, gentlemen, the
5 next hearing will be in St. Johns, Newfoundland,
6 at 2.00 o'clock on Monday, July 25.

7
8 ---Whereupon the hearing adjourned.

ROYAL COMMISSION
ON COASTING TRADE

VOL. I

PART D

Unofficial Translation of
Vol. I, Part B, pp 108-155

Submission of Canadian
Catholic Confederation of
Labour, National Metal
Trades Federation and
Affiliated Unions.



Supreme Court Reporters
145 Yonge St.
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Unofficial Translation of the Submission of
THE NATIONAL CONFEDERATION DES TRAVAILLEURS
CATHOLIQUES DU CANADA, THE NATIONAL METAL
TRADES FEDERATION AND ITS AFFILIATED UNIONS,
as contained in Vol. 1, Part B, of The Royal
Commission on Coasting Trade, pp. 108-155

MR. RAYMOND PARENT: Gentlemen, the "Confeder-
ation des Travailleurs catholiques du Canada", the
National Metal Trades Federation and its affiliated
unions, which represent the great majority of organ-
ized workers in the shipyards of the Province of
Quebec, are pleased with the fact that the Federal
Government has formed a Royal Commission to investigate
the problems of the coasting trade in Canada.

No doubt that the eventual recommendations of
this Commission and the government measures which
will result therefrom, will decide as to the future
of the shipping industry in Canada. Your Commission
on the coasting trade must first answer the following
question: "Should the coasting trade and transporta-
tion in the interior of the country be reserved only
for vessels built in Canada and owned by Canadian
shipowners?" However we believe that the hearings
held by your Commission throughout the country will
involve much greater implications. Today, coast-
ing and inland navigation in Canada is open to all
vessels registered in the British Commonwealth, by
virtue of an agreement signed in 1931. We are of
the opinion that Canada should enforce a new law
which would reserve this trade exclusively for ves-
sels built in Canada and belonging to Canadian



shipowners.

1 However we are informed that your Commission
2 has full discretion to deal with related subjects,
3 liable to go thoroughly into the present inquiry.
4 Thus appears to us the question of government sub-
5 sidies intended to provide against present economic
6 conditions and to allow Canadian shipowners to compete
7 in the world market of maritime transport;
8 thus appears to us also the project of amending the
9 Canadian Maritime Commission Act, to allow trade unions
10 to be represented therein, and the project of placing
11 the building and repair shipyards under the jurisdic-
12 tion of the National Labour Code, making possible the
13 establishment of national minimum standards in labour
14 matters.

15 We will also add the following to the list of
16 important questions which should be examined by your
17 Commission: The necessity for Canadian shipyards
18 and vessels as regards national defence and our econ-
19 omic requirements; how can restrictions on the coast-
20 ing trade help to maintain a fleet and shipyards;
21 the consequences of the St. Lawrence Seaway on domes-
22 tic and international exchange and freight rates;
23 are the restrictions under consideration of a nature
24 to alter our relations with overseas clients and
25 foreign governments, and to what point are the
26 coasting trade and the shipping trade proper of
27 Canada related to one another; how would restrictions
28 in coasting trade matters affect ocean-going trans-
29 portation.
30



We believe that the present Brief, submitted
by the "Confederation des Travailleurs catholiques
du Canada", the National Metal Trades Federation and
the shipyards unions affiliated thereto, is of a nature
to raise intricate problems which all form part of
the full aim of your inquiry. We are of the opinion
that they must all be taken into consideration because
they are all susceptible of important repercussions
in the future, as regards the engaging, safe employ-
ment and living standard of our members.

Respectfully submitted by

La Confederation des Travailleurs
catholiques du Canada

and

The National Metal Trades Federation.



---Sittings were resumed at 12.15 P.M. on
Tuesday, July 12, 1955.

1
2 ME PAUL GERIN-LAJOIE: On behalf of the Com-
3 mission, I would have a few questions to ask to some
4 of you, and if other members of your group are in a
5 better position to reply to the questions, you can
6 invite them to come forward to state their replies.
7 You realize that if the lawyers give the impression
8 of taking to task the briefs submitted, it is for
9 the purpose of making these briefs clear, without any
10 (foregone) prejudice; it is a matter of placing all
11 viewpoints before the Commission and to justify the
12 viewpoints submitted. At the beginning of your
13 brief, you quote, in part, a letter from the former
14 Minister of Veterans Affairs, Mr. Ian A. Mackenzie;
15 would you have here, or in your files, the complete
16 text of this letter, which you could place at the
17 disposal of the Commission?

18 MR. RAYMOND PARENT: No, we do not have the
19 text of the letter; it was a letter addressed to
20 the employees of Vancouver shipyards, and we have
21 a copy of that letter.

22 ME PAUL GERIN-LAJOIE: Could you subse-
23 quently submit to this Commission, the full text
24 of this letter?

25 MR. TED. S. PAYNE: It would be possible to
26 supply a copy of the letter; we do not have it on
27 hand, but we will have it sent.

28 ME PAUL GERIN-LAJOIE: I refer to page 10
29 of your brief. In paragraph 2, you state: "a heavy
30



postwar reduction in shipbuilding attributable mainly to the government's lack of undertaking a vast shipbuilding programme ...". Do you mean that the government should have launched into shipbuilding? Or did you have something else in mind?

MR. RAYMOND PARENT: This should have been done a long time ago through subsidies to shipowners, and the replacing of the war fleet which was for the greater part destroyed; this should have started immediately after the war, so as to continue engaging men.

ME. PAUL GERIN-LAJOIE: Then what would be the government's part?

MR. RAYMOND PARENT: I think, at that time, it would have been to enforce immediately its rebuilding policy, for example, in the case where warships were no longer being built, rearmament should have been continued in order to replace the fleet destroyed during the war.

ME. PAUL GERIN-LAJOIE: You say that the government should have continued rearmament?

MR. RAYMOND PARENT: Yes, the defence programme now under way.

ME. PAUL GERIN-LAJOIE: Do you mean to say that immediately after the war, the government should have enforced a defence programme by favouring shipbuilding?

MR. RAYMOND PARENT: It was enforced later on, the Royal Canadian Navy was renewed and a certain number of ships were converted. If this work had been done immediately after the war, it would



have had the effect of further stabilizing the industry.

1 ME PAUL GERIN-LAJOIE: Would this not have
2 been prompted by international conditions existing
3 several years after the war? But, should the govern-
4 ment have a rearmament policy?

5 MR. RAYMOND PARENT: In the present inter-
6 national condition, there is no doubt, and even in
7 that which has been existing since before the last war.

8 ME PAUL GERIN-LAJOIE: At the bottom of page
9 10, you outline, and I quote: "Today with 50,000
10 workers less than in 1943 in the naval construction
11 industry, not only does it appear that Canada has
12 lost permanently a large number of employees special-
13 ized in that industry ...". Do you see harm in this.
14 Is it abnormal for employees to leave one industry
15 for another?

16 MR. RAYMOND PARENT: We say that a navy,
17 either merchant or royal, is necessary, in a well
18 organized position, and there must be shipyards which
19 will supply man-power large enough to carry on con-
20 struction continually. There is the past experience;
21 you are in 1939, there were a few hundred shipyards,
22 I think, there were 5,000 or 6,000 workers in the
23 Canadian shipyards. At the time war was declared,
24 an emergency programme of naval construction began,
25 but we know that employers experienced difficulty,
26 we are aware of that, and the workers also suffered
27 greatly, for they were engaged in an industry where
28 production had to be quick and good, and we were not
29 prepared; we were competing for the world's safety.
30



Therefore it would be advisable to have a minimum

number of employees who find steady employment in the shipyards in order to maintain always the possibility of operating normally.

ME PAUL GERIN-LAJOIE: Could you tell us - I do not think that you mention it in the brief - what would be the reasonable minimum number of employees in the shipyards?

MR. RAYMOND PARENT: It is difficult to appreciate; if we take the largest number of employment - it was about 75,847 workers. During 1951 and 1952, there were about 22,000 employees in the shipyards; today there are some ten thousand workers in the shipyards. I cannot give you the exact number, but this indicates that there is something that is not normal.

ME PAUL GERIN-LAJOIE: Do you say that, according to the latest statistics the number of men engaged was 25,000?

MR. RAYMOND PARENT: In 1954, yes.

ME PAUL GERIN-LAJOIE: If we compare this figure with that of 6,000 or 7,000 in 1939, do you not think that it is a much higher minimum than in 1939?

MR. RAYMOND PARENT: Yes, if we consider the development, both the outside and inside trades, with the population index since 1939, it is about proportional to the same situation as in 1939.

ME PAUL GERIN-LAJOIE: The proportion of 75,000 in 1943-44, during the war, with 25,000 now in that industry, do you not think that this



proportion can be reasonable?

1 MR. RAYMOND PARENT: You state 25,000 remain-
2 ing on a certain given date; if we consider employment
3 during the past ten years, the figures have fluctuated
4 from 75% to 10%, to 25%, and they have decreased;
5 it is difficult to quote a number which would be exact
6 for comparison, for the fluctuation was considerable.

7 ME PAUL GERIN-LAJOIE: If you cannot suggest
8 a fair number, do you know anyone who could do so?

9 MR. RAYMOND PARENT: To set the number of
10 workers - naturally we would not maintain workers
11 simply for the fact of maintaining workers - it is
12 in the case where there is shipbuilding to be done.
13 After analyzing the situation, if the programme recom-
14 mended by us that ships be built and repaired in
15 Canadian yards, by Canadian workers, we believe that
16 it would allow employing, perhaps, normally, at least
17 40,000 workers; when I say 40,000, I would mean about
18 proportionately to the number of employees who secure
19 employment in the American shipyards compared to the
20 population of the United States.

21 ME PAUL GERIN-LAJOIE: Do you think that it
22 is true that Canada should have a coasting fleet
23 equivalent to that of the United States?

24 MR. RAYMOND PARENT: No, I do not think so;
25 it is much more the length of the navigation routes
26 which will determine the necessity of having a more
27 considerable number of ships, for the people.

28 ME PAUL GERIN-LAJOIE: If we consider the
29 shipyards, it is not necessary to compare the number
30



of employees in that industry with the necessity of ships for the coasting trade; there are also ships engaged in exportation and that industry, as regards exportation, must vary with one country and another?

MR. RAYMOND PARENT: Yes; let us consider the United States; they have very few ships built for exportation, if it is under subsidy, after a certain number of years, when the ships have become obsolete, they sell them - to Canada.

ME PAUL GERIN-LAJOIE: Have you any figures in support of this statement?

MR. RAYMOND PARENT: Yes; out of 309 ships of gross tonnage registered in Canada during 1954, 106 had been built in the United States; out of this number 87 were over 25 years old.

ME PAUL GERIN-LAJOIE: Do you know how long they had been in use previously in the United States?

MR. RAYMOND PARENT: They were over 25 years old when they were purchased.

ME PAUL GERIN-LAJOIE: Have you any further information that you could give us in this connection?

MR. RAYMOND PARENT: It is according to the "List of Ships" published by the Canadian Maritime Commission. When I say that these ships were 25 years old, it is when they were purchased or transferred from an American port to a Canadian port.

ME PAUL GERIN-LAJOIE: On page 11 of your brief, you state: "employment has decreased disproportionately in British Columbia, for which situation, we wish to point out, there is no valid reason."



So, if I refer to page 28 of your brief, where you

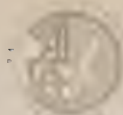
1 give the salary scale in Nova Scotia, Quebec and
2 British Columbia, I note that salaries are highest in
3 British Columbia. Is there any explanation for that,
4 or can it be explained by the fact that the drop in
5 shipyards was in proportion more considerable in
6 British Columbia than elsewhere?

7 MR. RAYMOND PARENT: In this case, it should
8 be said that the Quebec workers have benefited the
9 most, or have suffered less by the drop, for if the
10 higher salaries in British Columbia had the effect of
11 decreasing the number of contracts, here in Quebec, the
12 salaries are lower and there should have been more
13 work. The figures indicate proportionately that we
14 lost work mostly because of the condition in the Great
15 Lakes, in Ontario.

16 ME PAUL GERIN-LAJOIE: In the brief, do you
17 mention comparison of employment in the various
18 regions, in support of what you have just stated?

19 MR. RAYMOND PARENT: On page 12, there is a
20 table giving the monthly averages of employment of
21 workers engaged in production, in the Canadian ship-
22 building and repairing industry. During the slack
23 period of the shipping industry, 1949, 1950, 1951,
24 I see that Quebec dropped to 3,892 workers, the
25 Great Lakes to 2,168 and British Columbia dropped
26 to 1,100 in 1950.

27 ME PAUL GERIN-LAJOIE: Do you see that em-
28 ployment in British Columbia dropped abnormally be-
29 tween 1946 and 1953, while in the Great Lakes, it
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has increased, in the St. Lawrence region it has almost doubled, and on the Atlantic Coast it has increased?

MR. RAYMOND PARENT: It has decreased if you take 1948; the St. Lawrence region showed 8,045, the Great Lakes 2,308 and British Columbia 2,949. As early as 1949, Quebec dropped to 4,230, the Great Lakes to 2,168 and the Pacific Coast dropped 50% to 1,496.

ME PAUL GERIN-LAJOIE: If you look back a year or two, you have data that are not altogether exact, but on the whole, since 1951 does there not seem to exist a recovery in the St. Lawrence and Great Lakes regions, as well as in British Columbia?

MR. RAYMOND PARENT: Employment increased to a maximum of 10,490 in Quebec, but it has dropped since; I know that in the Province of Quebec, in the St. Lawrence shipyards, there are about 5,000 workers, at the most.

ME PAUL GERIN-LAJOIE: Do you still maintain the statement, on page 11, that the situation is most disadvantageous to the viewpoint of employment level in British Columbia?

MR. RAYMOND PARENT: To the employment viewpoint, yes.

ME PAUL GERIN-LAJOIE: On page 12 you stress the fact of the important variations from one year to the other or from one season to the other. Have you anything to suggest in order to avoid such seasonal fluctuations?

MR. RAYMOND PARENT: There is. The fluctuations were probably due to the nature of the industry.



1 There is another fact in the shipyards which cause
2 considerable fluctuations and a considerable turn-
3 over of labour; the shipbuilders start building and
4 engage 200 workers to make the ship bed, and later
5 on, it is the ironworkers, then the welders, etc.
6 It would be possible to arrange this in order to or-
7 ganize the construction, for it is seldom that there
8 is only one ship to build; so, it would be a matter
9 of organizing the building in order that when one
10 ship is completed the workers can be transferred else-
11 where; this matter is of an internal nature for the
12 employe s. There is also a serious problem in the
13 shipyards, it is a general problem, it is that of
14 employment in the building trade in Canada which is
15 seasonal and casual. In the building trade where
16 employment averaged 7 or 8 months a year, building
17 methods were improved so as to permit building at
18 a cost not much higher during 12 months a year, and
19 annual employment increased construction. Therefore
20 it would be possible to revise the present situation
21 in order to stabilize employment in shipbuilding.

22 ME PAUL GERIN-LAJOIE: Would it be internal
23 administration on the part of employers in the ship-
24 yards and not of the Canadian Government?

25 MR. RAYMOND PARENT: Both. Building has
26 progressed marvellously. We have seen that the
27 Government should, perhaps by a different measure,
28 endeavour to have the required building carried on
29 during the slack months of the trade.

30 ME PAUL GERIN-LAJOIE: You mean building



performed by the Government?

1 MR. RAYMOND PARENT: Yes; would it not be
2 possible to do the same thing for the Government. As
3 for the Royal Navy, for example, could there not be
4 a programme or organization where everyone should
5 meet without prejudice, being represented by the
6 Government, the shipbuilders and the employees; it is
7 a suggestion which I give; a meeting could be held
8 for that purpose.

9 ME PAUL GERIN-LAJOIE: Should not the ship-
10 owners who build new boats be called upon to sit at
11 those meetings?

12 MR. RAYMOND PARENT: Possibly.

13 ME PAUL GERIN-LAJOIE: I had a note here for
14 later, but is it not a fact that at the time employ-
15 ment has been relatively low, about 1950 or 1952,
16 there have been orders for the Government which have
17 lessened the shock of the decrease in employment?

18 MR. RAYMOND PARENT: They may have terminated
19 the slack period; there is no doubt that they have
20 not corrected the slack period, for the workers on
21 the St. Lawrence in 1950-1951, were seven or eight
22 months without work; those who were in the shipping
23 trade lost all what they possessed or had to go
24 elsewhere. There is therefore also the problem
25 of security of those employees who must change
26 industries.

27 ME PAUL GERIN-LAJOIE: On page 15 of your
28 memorandum, you mention the decreased production in
29 the shipyards. In the first place, would you be
30



ready to say that there must have been and there must necessarily remain a decrease in production during the present period and the last few years, with respect to the war period? You do not mean to say that Canada should have maintained and have since the war, as considerable a maritime production as during the war?

MR. RAYMOND PARENT: I am sorry to be unable to answer your question in a precise manner, for I do not know exactly the level of the merchant navy at the present and the level of the Navy, and the proportion in the external trade at this moment, as well as the volume of coasting trade or traffic carried, etc. Therefore, as I do not have that information, it is difficult to make a statement.

ME PAUL GERIN-LAJOIE: If Canada has taken part in the war as it did, should there not be a war specification in the shipyards, as in the gun manufactures, etc., or should we not note a drop in those industries, if not a complete disappearance in certain cases.

MR. RAYMOND PARENT: There is the fact we point out; it is an important fact, if we wish to compete with a merchant navy so far. In time of war, we are mobilized to build naval vessels; the merchant ships age during that time. Immediately after the war, several ships become obsolete and had to be replaced. It is difficult to evaluate theoretically what volume should be attributed.

ME PAUL GERIN-LAJOIE: I notice by the



figures on page 15, in 1939 the production of the Canadian shipyards was $1/7$ of 1% of the world production and in 1953 it was $1\ 3/4\%$; don't you find that is a noteworthy improvement for Canada compared with the other maritime countries of the world?

MR. RAYMOND PARENT: The proportional increase of the other countries must be noted in order to see how it presented itself in our country.

ME PAUL GERIN-LAJOIE: If you take the table on page 14, you will note for example, page 15, you compare with certain countries, Canada has increased its tonnage $1/5$, while the increase for the whole world is $2\ 2/5$ and you give the list of certain countries; now on page 14, in the United States in 1943, the tonnage was in round figures 12,000 tons and has dropped to 500; this concerns thousands of tons; therefore in the United States in 1943, you have 11,580,000 and in 1953, 528,000. In 1953 in the U.S.A. the production is $1/20$ of what it was in 1943. If I look at the Canadian figures, 996,000 tons in 1943 and 87,000 tons in 1953, therefore in proportion the Canadian maritime production has decreased much less than in the U.S.A. There is much more than the figures on page 15. The U.S.A. were far from military activities and here is where production took place and in Europe it was during the war, therefore in Europe there should be a greater climb.

MR. RAYMOND PARENT: Let us take the United States and let us compare them since 1953 with some 25,000 tons; we see that up to the moment of their



1 participation in the war in 1940, there has been a
2 constant increase. ... There has been a period of war
3 for theirs as for ours. Immediately after the war,
4 in 1946 for example, they regained the same level
5 which they had in 1940. That level has been main-
6 tained; so it must be supposed that they have replaced
7 the obsolete merchant marine; they had a quiet period
8 in 1947-48 and as early as 1949, they re-established
9 their normal average of reconstruction.

10 ME PAUL GERIN-LAJOIE: Shall we go on?

11 MR. RAYMOND PARENT: Certainly.

12 ME PAUL GERIN-LAJOIE: In 1950, there was a
13 drop and also in 1951, with a revival a little later,
14 and precisely if we come back to your suggestion of
15 Government aid to remedy the situation and if we
16 compare ourselves with the United States. Did not
17 the subventions in the U.S.A. remedy the considerable
18 reconstruction; from there you go on to 437, 166, 468,
19 528 thousand tons on page 14?

20 MR. RAYMOND PARENT: If you take the pre-
21 war years, 112, 239, 201, 422, 579; 1035 in 1941
22 in thousands of tons, there has been a constant pro-
23 duction, more or less. In 1946, their merchant
24 navy had been considerably replaced, that will ex-
25 plain 501 at the moment. That they went through the
26 same readjustment period as we during 1946-47, but
27 after that, they maintained their pre-war production.

28 ME PAUL GERIN-LAJOIE: Did they maintain it
29 in 1950-51?

30 MR. RAYMOND PARENT: They maintained it while



here, we took a beautiful tumble.

ME PAUL GERIN-LAJOIE: Did we take such a tumble in 1953? In 1953, is there not a certain rise as in the United States? I ask you for a comparison between the two, for further on, you state the United States as an example where the situation has been improved. Therefore, I wonder if from the viewpoint of stability and the maritime viewpoint, the situation is better there than in Canada, really?

MR. RAYMOND PARENT: There is surely a difference; that comparison indicates a certain number of things mentioned before; we have a much greater fluctuation: in 1947, 104, in 1948, 102, in 1949, it is 69.7, in 1950 - 40.2, in 1951 - 55.1, in 1952 - 67.7, and in 1953 - 87.2; the 1954 figures are not yet known. Therefore we have a greater fluctuation than there proportionately. Tonnage is also a factor, but I have not the comparison, I do not think the memorandum states figures on the number of workers in industry; it would be a parallel to that table to see how many workers there are in the American shipyards. I know by memory that it is much more stable than here.

ME PAUL GERIN-LAJOIE: Would you be in a position to give figures to the Commission when it will go through Montreal? It would be of assistance, for the figures which we have here do not show the conclusions which you draw farther on.

COMMISSIONER MARCEL BELANGER: They would



be all the more helpful, for in the United States, coasting has been limited to American vessels; and it can be noted in 1953 that shipbuilding in the U.S.A. was about 4% of what it was in 1943; here it is 10%. I have asked myself that question. I asked myself, for example, if we should recommend that coasting be reserved or limited - that is especially the main point - to what extent the Canadian shipyards could be aided - in reading the records, I have the same reaction as Mr. Gerin-Lajoie - in the United States, it seems to me that it has not remedied the situation; they are worse off than we are.

MR. RAYMOND PARENT: I shall submit to the Secretary to the Commission an additional submission on employment.

COMMISSIONER MARCEL BELANGER: That is what struck me the most; that requires explanations, for personally, I wonder to what extent the limitation of coasting could be of assistance, if we limit ourselves to the example of the United States.

ME PAUL GERIN-LAJOIE: If you allow me to refer to the conclusion on page 17 which reads: "Canada is the only shipbuilding country in the world which allows its maritime industry to become disintegrated." I wonder to what extent that corresponds to the table on page 16. Some figures do not go any farther; in 1932, there was spent in Canada 7/10 of 1% of the total sum spent in the world for shipyards and in 1953 it has gone up to 9/10 of 1%. Can we speak of disintegration? Is there not an



increase that way?

1 COMMISSIONER MARCEL BELANGER: In the United
2 States, it has gone down from 8.3% to 6%.

3 ME PAUL GERIN-LAJOIE: It is noted that the
4 production of all countries has decreased during that
5 period, while it has increased in Canada. If a de-
6 crease is noted on the whole, it is because there are
7 a few new countries entering on the list, which com-
8 pensates for the other maritime countries?

9 MR. RAYMOND PARENT: In 1953 it seems to have
10 been more dull on the whole for construction; in 1952
11 Canada ranked ninth and went back to thirteenth in
12 1953.

13 ME PAUL GERIN-LAJOIE: I think the figures
14 you submit, according to your table, represent mer-
15 chant ships; with regard to rank, Canada comes thir-
16 teenth in both places mentioned on page 17; Canada is
17 thirteenth for production?

18 MR. RAYMOND PARENT: Yes, it is the number of
19 ships.

20 COMMISSIONER MARCEL BELANGER: With regard to
21 tonnage, it has not changed?

22 ME PAUL GERIN-LAJOIE: With regard to per-
23 centage of the sum expended?

24 MR. RAYMOND PARENT: Exactly.

25 ME PAUL GERIN-LAJOIE: Are you prepared to
26 give an explanation in conclusion or do you prefer
27 giving it later on?

28 MR. RAYMOND PARENT: I do not have the in-
29 formation at present.

30



1 ME PAUL GERIN-LAJOIE: As the last sentence
2 on page 17 seems to be inconsistent with the table on
3 page 16, if you are in a position to explain that
4 later on, you may do so, as otherwise, taking into
5 account only the information submitted, it would be
6 difficult to accept the statement of page 17 as it is.

7 COMMISSIONER MARCEL BELANGER: You state at
8 the end of page 17: "Canada is the only shipbuilding
9 country in the world which allows its shipping indus-
10 try to break up"; that is strong, as we see, for
11 example, the United States?

12 ME PAUL GERIN-LAJOIE: All the other countries
13 mentioned have had a decrease. It is sure that it
14 refers to two years, it may not be complete, but that
15 is what I note in this memorandum?

16 MR. RAYMOND PARENT: We shall supply addi-
17 tional explanations.

18 ME PAUL GERIN-LAJOIE: Very well. Now, on
19 page 17 of your memorandum, do you not seem to cover
20 the ocean-going trade and the inland trade; the
21 coasting trade proper. When we examine the index
22 cards, you refer to the Atlantic fleet; you refer
23 to that several times. Are you confusing the two?
24 Is there not a part of your representations which
25 are not within the scope of this Commission?

26 MR. RAYMOND PARENT: Now, there is a very
27 accurate explanation. We had written a letter to
28 the Commission, I think, stating that this memor-
29 andum had been prepared to be submitted to the
30 Federal Cabinet before the Commission was instituted;



1 then there is a part which does not come within the
2 jurisdiction of the Commission; however, it does not
3 change the conclusions.

4 ME PAUL GERIN-LAJOIE: The conclusions are
5 based on facts and where reference is made to the
6 coasting fleet, the Commission will be in a position
7 to come to certain conclusions according to its mandate.

8 MR. RAYMOND PARENT: The chapters in which we
9 deal with the Atlantic fleet are not related to the
10 coasting fleet; they may come to the same conclusions,
11 but I do not think they add anything.

12 ME PAUL GERIN-LAJOIE: I will give an example
13 of difficulties in shipyards; there may be contracts
14 for ocean-going ships or coasting ships. If more
15 ocean-going ships than coasting ships are built, or
16 vice versa, it would change all the mandate of the
17 present work of the Commission?

18 MR. RAYMOND PARENT: We have considered the
19 whole problem and I think it is clear in the con-
20 clusions that we submit that the Merchant Marine,
21 whether it is for coasting or ocean-going purposes,
22 should receive subventions. If the Commission has
23 jurisdiction on coasting only, we realize that our
24 memorandum may, on various points, seem to deal with
25 something else, but in view of the motives we set
26 forth to explain such a situation, it cannot be pre-
27 judicial to the Commission or annoy it.

28 ME PAUL GERIN-LAJOIE: I will give an example
29 which has its importance. You refer to most impor-
30 tant fluctuations in Canadian shipyards, as well as



to the competition of foreign shipyards. Is it not possible - I have heard, for example, that Canadian shipyards are as well equipped to build ships as the British shipyards, while for ocean-going ships, the competition of shipyards of the United Kingdom is more serious. If such is the case, the figures you give which apply to the whole, could not be accepted as inviting the conclusions you reach with regard to coasting in particular?

MR. RAYMOND PARENT: I may cite the case of a present shipbuilding industry, the Davie Shipbuilding, of Lauzon, where the most part of their work was the construction of two oil tankers of 28,000 tons each for transportation on the high seas and another ship for Saguenay Terminal. It seems that the fact that this Company succeeded in building those ships under the present situation is a proof that they are in a position to do so.

ME PAUL GERIN-LAJOIE: In the circumstances under which your memorandum was prepared, if you wish to revise this memorandum you are free to do so, but as it is now, the Commission is obliged - this is an opinion I express as Counsel for the Commission - to be very prudent in accepting any conclusion of the figures you submit, as you do not make a distinction between coasting and ocean-going ships. I draw your attention on this point because if you are in a position to make distinctions later on, you may do so; it would be useful to the Commission.

---The hearing adjourned at 1.10 P.M.



---On resuming at 2.15 P.M.:

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2 ME PAUL GERIN-LAJOIE: The last paragraph of
3 page 20 reads as follows: "There cannot be any
4 doubt that a permanent shipping industry requires a
5 vast programme subsidized by the Government which
6 would be divided equitably in all Canadian shipyards."
7 In the first place, do you advocate a subsidy for any
8 shipbuilding, for ocean-going ships and coasting ships
9 as well?

10 MR. RAYMOND PARENT: Yes, as long as they are
11 built by Canadian shipowners.

12 ME PAUL GERIN-LAJOIE: Do you think it is
13 really essential, for example, in the region of the
14 Great Lakes, from where the ships cannot come out at
15 the present time? Is it necessary to have subsidies
16 for these shipyards?

17 MR. RAYMOND PARENT: In a rather near future,
18 with the St. Lawrence Seaway, these ships will be
19 able to come out and other ships will be able to enter
20 much more easily than they do now; they will come al-
21 most in competition with the others.

22 ME PAUL GERIN-LAJOIE: Do you advocate a
23 subsidy system, regardless of ships' requirements?

24 MR. RAYMOND PARENT: No, it is in the case
25 we have an adequate merchant marine, and it means
26 for us the exclusiveness of coasting and the possi-
27 bility of having a marine in a position to take care
28 of about 50% of our exports or our imports.

29 ME PAUL GERIN-LAJOIE: This is with regard
30



to ocean-going shipping?

1 MR. RAYMOND PARENT: Yes. For coasting it is
2 exclusiveness. We advocate subsidies to start such
3 a fleet and enable Canadian shipowners to operate
4 coasting trade at reasonable cost and at the same
5 time it would accelerate shipbuilding in our Canadian
6 shipyards.

7 ME PAUL GERIN-LAJOIE: Do you think that a
8 system of subsidies would remedy the fluctuations ex-
9 perienceed in shipbuilding for a certain number of
10 years?

11 MR. RAYMOND PARENT: I quoted from memory
12 figures which do not appear here; out of 509 ships of
13 over 500 tons, I stated that 246 were built out of
14 Canada. If such a large number of ships owned by
15 Canada were built abroad, it is certainly for a great
16 part on account of the lower cost obtained elsewhere,
17 or for a small part on account of ships of special
18 construction which could not be made in Canada, but
19 it is especially on account of the lower cost else-
20 where. We state that it is essential that we have
21 our own means of transport by water, by land and by
22 air, with the required subsidies to permit their
23 building and operating under normal conditions.

24 ME PAUL GERIN-LAJOIE: I understand that,
25 but would that remedy fluctuations in shipbuilding?

26 MR. RAYMOND PARENT: At the present time, our
27 shipyards have been almost exclusively an industry
28 building ships especially for war purposes. Then,
29 when we mention fluctuations at the present time, if
30



1 we consider employment in peace time, it is at a very
2 low level. I will cite a case, for example, a shipyard
3 in which the number of workers decreased from 2,000
4 to 250.

5 ME PAUL GERIN-LAJOIE: What would you consider
6 as normal?

7 MR. RAYMOND PARENT: I take the last years, 1951,
8 1952, 1953, as well as 1947 and 1948, but not the fall
9 in 1950 nor the war period. A shipyard employing
10 normally 2,000 workers decreased to 250; there was no
11 construction personnel at this tragical moment; there
12 was only watching and maintenance staff. It is clear
13 that if we had a well-organized subsidized programme
14 of shipbuilding, it would be an incentive to ship-
15 building in Canada, it would enable the industry to
16 live and workers to have more steady employment.

17 ME PAUL GERIN-LAJOIE: You say "a programme
18 of shipbuilding well-organized and subsidized"; you
19 use both terms; do you consider them as synonyms?

20 MR. RAYMOND PARENT: No, I was mentioning a
21 while ago that if we should own our own means of
22 transport, it would be normal that our ships be
23 built here. If it is not possible to build, it seems
24 economically impossible for the shipowners or build-
25 ers to assume the surplus of cost of construction
26 here, compared to other countries, unless a system
27 is established for building ships here if we want
28 to avoid prejudice. It seems to be essential for
29 the security of the country. I think subsidies
30 should be obtained by contributions from all people.



1 ME PAUL GERIN-LAJOIE: Would not building of
2 coasting ships be subsidized if coasting trade was
3 restricted to transport in Canada?

4 MR. RAYMOND PARENT: At the present time, if
5 you proceed that way, you would have a problem with
6 ships now existing and it would put out of proportion
7 the cost of ships used for ocean-going trade and the
8 cost of ships used for coasting trade.

9 ME PAUL GERIN-LAJOIE: Is there any objection?

10 MR. RAYMOND PARENT: If a shipowner was en-
11 gaged in ocean-going trade and in coasting trade, he
12 would not require any subsidy for coasting trade as
13 he would have it exclusive; y he would have to charge
14 higher rates than for ocean-going trade if he had to
15 assume that himself and if users of coasting trade
16 were obliged to assume all the cost at this time, there
17 would be no possible competition as transport by water
18 would cost much more than other means of transport.

19 ME PAUL GERIN-LAJOIE: The railways, for ex-
20 ample, claim that competition by coasting ships will
21 make conditions impossible for them if there is no
22 tariff regulations to increase the price of trans-
23 port within Canada. If shipbuilding here were not
24 subsidized in these cases, the inland shipping trade
25 would have to increase prices of freight transport.
26 Would these ships be able to operate such transport
27 at railway prices?

28 MR. RAYMOND PARENT: What strikes us with
29 regard to shipyards is that railways are owners of
30 ships and have ships built outside of Canada.



ME PAUL GERIN-LAJOIE: We should not get mixed up. Suppose all ships were built in Canada. Do you consider essential that the Government grant subsidies for building coasting ships?

MR. RAYMOND PARENT: I think it is necessary to balance the cost of transport. It does not make any doubt, I do not pretend to be an expert in the matter, but there is no doubt in my mind or in my opinion that if the shipowners operating coasting ships have to incur the full cost of construction of their ships here and have to operate their ships according to Canadian tariffs, they will be faced with a problem of transport rates.

ME PAUL GERIN-LAJOIE: With what or whom are you comparing?

MR. RAYMOND PARENT: There is in the first place the transport by trucks and the railways.

ME PAUL GERIN-LAJOIE: It would be a matter of adjustment with these two transport industries?

MR. RAYMOND PARENT: Of course.

ME PAUL GERIN-LAJOIE: Do you admit that the problem of building coasting ships is different from that of building ocean-going ships, since the latter ships are not built on the same plan?

MR. RAYMOND PARENT: The problem may have different causes, but I think the solution is the same.

MR PAUL GERIN-LAJOIE: Referring to another point, page 21 - incidentally, a point we are



1 considering - you say: "the Canadian industry of
2 shipyards would have been in a bad fix in 1953, had it
3 not been for the building programme of the Navy". This
4 is the point I had in mind this morning. At that
5 time, did not the Government contracts obviate the
6 effects of the decrease in shipbuilding?

7 MR. RAYMOND PARENT: In 1953, yes. Because
8 in a shipyard where 2,000 workers were employed nor-
9 mally, they succeeded in having a staff of about 1,500,
10 while in 1950 the number had decreased to 250 workers;
11 then it certainly helped in 1953.

12 ME PAUL GERIN-LAJOIE: In Table F, page 22,
13 you state that Canada has a much larger proportion of
14 old ships than other countries; is that due to the
15 fact that other countries, except United States, had
16 ships destroyed by the war and had to replace them and
17 consequently they have more modern ships?

18 MR. RAYMOND PARENT: All countries were not
19 engaged in the war. For instance, all European
20 countries have the same rates, whether they were en-
21 gaged in the war or not.

22 COMMISSIONER MARCEL BELANGER: Would it also
23 be due to the fact that Canadian ships do not navi-
24 gate in salt water?

25 MR. RAYMOND PARENT: No. I was saying this
26 morning that American shipowners have their ships
27 built in United States, they use them and depreciate
28 them for 20 or 25 years, and then they sell them to
29 Canada at sacrifice prices perhaps, and have new ones
30 built under the subsidy programme, in order to keep



1 their fleet up to date. On 309 ships registered in
2 1954, there were 160 over 50 years old, and on the 106
3 coming from the United States, the proportion of old
4 ships is still larger. I do not think it is due to
5 destruction in wartime because for a number of years
6 the problem of Merchant Navy has been reduced to a
7 minimum.

8 ME PAUL GERIN-LAJOIE: The problem brought up
9 by Commissioner Belanger is the following: Is not
10 the type of inland waters we have here more suited to
11 less modern ships? I am not making a suggestion, I
12 am asking you a question.

13 MR. RAYMOND PARENT: I cannot answer this
14 question.

15 COMMISSIONER MARCEL BELANGER: As a comparison,
16 does a ship in fresh water last longer than a ship in
17 salt water?

18 MR. RAYMOND PARENT: I can give an example to
19 Commissioner Belanger; we have, as he is well aware,
20 the Levis Ferry; every year it is necessary to stop
21 the steam and decrease the speed on these ships which
22 are already so old that they do not answer the re-
23 quirements.

24 COMMISSIONER MARCEL BELANGER: It may be that
25 the President of the Ferry does not agree with you?

26 MR. RAYMOND PARENT: It is quite possible.

27 ME PAUL GERIN-LAJOIR: There is another point
28 on which I would like to have explanations; you state:
29 "It is beyond all question that a shipping industry
30 and a Canadian Merchant Navy are (a) vital instruments



1 of national policy." I would like you to give some
2 explanation as to how it is a vital element of national
3 policy, if you are in a position to do so.

4 MR. RAYMOND PARENT: There is a general prin-
5 ciple which applies still more to Canada on account
6 of its geographical position; we are surrounded by
7 water on all sides and we have one of the longest sea
8 routes in the world. Then, as a great part of our
9 economy is based on exportation, there is no doubt that
10 it is important for national economy that we have our
11 means of transport and our unimpeded means of trading.
12 This explains why we say that it is a vital element
13 of national policy.

14 ME PAUL GERIN-LAJOIE: With regard to inland
15 trade, to make distinctions between the questions, do
16 you consider it vital in relation to railways and truck
17 transport?

18 MR. RAYMOND PARENT: Yes, as we have just the
19 same an economic organization, a port system and a
20 considerable part of transport is made by water. If
21 our coasting trade is operated by foreign shipowners,
22 should a period of international tension occur and
23 a country be engaged in the conflict, it is clear
24 that these ships will be called to their place of
25 origin and we would be disorganized with regard to
26 coasting transport.

27 ME PAUL GERIN-LAJOIE: Again on page 24 you
28 state: "essential to keeping an independent part
29 in international trade". On this side our inter-
30 national trade is assumed in great part by foreign



ships. What objection do you see to this?

MR. RAYMOND PARENT: Here again, it appears quite normal for an independent country anxious to trade on an international basis that such country be free to operate its own means of transport. We state that precisely a country wishing to become free must have the possibility of trading with other countries in a proportion of about 50% so as not to be in a state of inferiority.

ME PAUL GERIN-LAJOIE: If there is a number of maritime countries able to dispose of a large number of ships, in view of economic liberalism in shipping, could not Canada be assured of having available ships to ensure its international trade?

MR. RAYMOND PARENT: It is the same as for coasting trade: foreigners have the means of transport. In trade, it is we who have the inconvenience if we are not free to organize our transport. In case of war, the ships will return to their country of origin and we will be left with nothing.

ME PAUL GERIN-LAJOIE: If you will glance on Table H, page 25, are the figures you give in dollars or cents?

MR. RAYMOND PARENT: They are in cents and represent the average wages paid by the hour in Canada.

ME PAUL GERIN-LAJOIE: In tables G, H, I, you make comparisons with the United States. You have no similar comparisons with the United Kingdom. You refer particularly to the fact that they have



1 higher wages than in other industries you mention.
2 You do not know whether or not the situation is differ-
3 ent in the United Kingdom, rather comparable with
4 ours?

5 MR. RAYMOND PARENT: I have no figures in the
6 memorandum and I do not recall any. There is a rea-
7 son for not indicating this, as we are living on the
8 North American Continent, and our standard of living
9 is based much more on this continent than on the
10 European continent as we have to take into account
11 this economic entity.

12 ME PAUL GERIN-LAJOIE: On page 26, you state:
13 "In spite of these considerations, we have^{the} proof that
14 Canada can build ships economically and for exporta-
15 tion". And you underline that. You say you have
16 the proof. Can you explain that? You give a few
17 examples of ships built, but later on on page 27, you
18 say that there are other factors besides cost; you
19 refer to the date of delivery, the ability of build-
20 ing special ships, the available means and materials,
21 etc. Do you really have the proof that Canada can
22 build ships economically for exportation?

23 MR. RAYMOND PARENT: There is at first the
24 fact that not only in one case but in several cases
25 where ships were built. The second fact, which is
26 certainly a factor we cannot give mathematically,
27 but which is a fact recognized in industry, are the
28 methods of production of shipbuilding. European
29 shipyards, with their production technique and the
30 point reached in mechanization, are certainly not



1 in a position to build as fast as we can in Canada and
2 the United States, as our methods of production are
3 more in line with the United States progress than
4 with the European progress.

5 ME PAUL GERIN-LAJOIE: You say "build economi-
6 cally". Would it be to the advantage of the purchaser?
7 Have you any special proofs or is it justified by
8 distinct facts? In your whole memorandum, it seems
9 that you mention that at the present time, ship-
10 building in Canada cannot compete with shipbuilding
11 in Europe on account of the high cost level in Canada.
12 This strikes me, as you claim that Canada can build
13 economically.

14 MR. RAYMOND PARENT: Of course, the statement
15 is made on the elements of proof given in the case of
16 ships already built, and when I say building economi-
17 cally I mean that the cost price of a ship coming out
18 of the shipyard may be higher in Canada than in
19 Europe, but on account of the time it takes to build
20 the ship and on account of the home port of the ship,
21 these are factors which may be important, at a cer-
22 tain time, to influence the cost of a ship. For
23 example, if we can build a 28,000 ton ship in 18
24 months and it takes say 30 months in Europe, there
25 is no doubt that the cost will be higher in the
26 United Kingdom, because it takes more time. It may
27 not be as high in wages, but no doubt higher in gen-
28 eral expenses. I mentioned that the standard of
29 living is not the same in England, and everybody
30 knows that taxes for social purposes are higher than



1 here for industries and for workers.

2 ME PAUL GERIN-LAJOIE: Generally speaking,
3 when a ship comes out of a shipyard in the United
4 Kingdom, is it not exact to say that in general it
5 would cost less than a ship built in Canada? Is it
6 not what you maintain in your memorandum, and what is
7 generally admitted? If you want to refer to the
8 building of certain ships, mentioned at page 27, I am
9 wondering whether the statement on page 26 is distinct.
10 I am not trying to embarrass you, but I wish to clarify
11 what you have in view when referring to shipbuilding
12 in Canada economically, if it is not distinct from
13 what you mention on page 27?

14 MR. RAYMOND PARENT: No, it is not distinct;
15 it is the general statement with proofs given after.

16 ME PAUL GERIN-LAJOIE: On page 28, you refer
17 to wages in various parts of Canada, especially in
18 British Columbia. I quote, starting at the fourth
19 line of the first paragraph: "These tables completely
20 refute the pretention that shipyards workers in
21 British Columbia excluded themselves from the market
22 through excessive increases of wages." You are
23 using the word "excessive" compared with what is
24 paid in other parts of the country. Does not Table
25 J show the contrary? They excluded themselves from
26 much higher salary increases than those in the East?
27 Let us say materially?

28 MR. RAYMOND PARENT: They are a little
29 higher; let us say they have not been excessive.
30 What is not in the table - that will explain - in



1 1945, the salary rates were 145.6; in the shipyards
2 they were 145.9; therefore, in 1945, the salaries were
3 at about the same level as an index. In 1952, and
4 these are the figures known by the Industry Manufac-
5 turers, the index was 277. and in the shipyards, 229.
6 Which shows that from 1945 to 1952, the salaries in
7 the shipyards have increased much less than the whole
8 of the salaries of the Industry Manufacturers. It
9 is a first index. It is clear that the salary in-
10 creases have not been excessive and have not resulted
11 in excluding them from the labour market. From the
12 industrial point of view itself, one fact is not proven,
13 but it has often been repeated to me that here, I mean
14 in the East, a worker in the eastern shipyards --

15 ME PAUL GERIN-LAJOIE: Do you mean Quebec,
16 Ontario or the Maritimes?

17 MR. RAYMOND PARENT: It would be a man appoint-
18 ed to a given occupation; in Ontario, for example,
19 they have key men, who do two operations. It is an
20 operation which may explain their higher rates, that's
21 possible. But as an average of gains it is not very
22 or so unbalanced; but when we have gains, the total
23 gains must be taken into account, there are the
24 overtime hours which have an influence. It is pos-
25 sible that the shipyards of British Columbia have
26 been higher.

27 ME PAUL GERIN-LAJOIE: Is it normal that
28 with higher weekly salaries the cost of shipbuilding
29 is higher. Let's say that the British Columbia
30 shipyards in establishing a contract end up with



1 higher prices than in the eastern shipyards. Do you
2 think that is possible or have you any technical ob-
3 servation for the affirmation or an explanation that
4 would be opposed to it?

5 MR. RAYMOND PARENT: That may be a possibility;
6 I am not enough familiar with the building conditions
7 in British Columbia to say more than that.

8 COMMISSIONER MARCEL BELANGER: It is a situa-
9 tion of percentage. It is remarkable that in Canada,
10 from 1939 to 1945, there has been an increase of 120%;
11 in British Columbia, 150%; there is therefore a dif-
12 ference of 30%?

13 MR. RAYMOND PARENT: Yes.

14 ME PAUL GERIN-LAJOIE: The rate in Canada
15 would be influenced by that of British Columbia. Now,
16 I refer to the second part of page 35, in the observa-
17 tions, as you call them, which would not be derived
18 from the table at the top of the page where there is
19 a question of outside trade. What I do not under-
20 stand very well from your table or your affirmation
21 is where there is a question of coasting trade, which
22 does not seem to come from the table at the top of
23 the page where there is only a question of foreign
24 trade.

25 MR. RAYMOND PARENT: Here is the first ob-
26 servation: "the American coasting trade is limi-
27 ted to the registered American vessels."

28 ME PAUL GERIN-LAJOIE: Would you have
29 another explanation?

30 MR. RAYMOND PARENT: No, the remark has no



1 connection with this table, there is no doubt.

2 ME PAUL GERIN-LAJOIE: All right then. Now
3 on page 39 may be seen, and I quote: "Partial
4 text of a memorandum of the Canadian Shipbuilding
5 and Ship Repairing Association to the Dominion
6 Government, July 1944." And on page 40, in the
7 centre, there is an underlined paragraph which
8 reads as follows: "Nevertheless, although
9 deriving its aid and most of its sources of revenue
10 from the Dominion of Canada, its policy concerning
11 the construction, repair and operation of vessels
12 has done very little to encourage the development
13 of the Canadian interests concerned." You take
14 the trouble to underline that paragraph. It is
15 part of a 1944 memorandum. Are you in a position
16 to justify that paragraph today in 1955? I am
17 asking you that, because yesterday, the Canadian
18 Pacific representative stated here at the
19 Commission that his company was building in Canada
20 a great number of its coasting ships and repairing
21 and maintaining them also in a large extent and
22 that they were all operated by Canadian seamen.
23 Have you any information to the contrary?

24 MR. RAYMOND PARENT: Evidently I cannot
25 give you a percentage and establish exactly the
26 total of the facts, but I know that very recently
27 a ship was launched, if I remember well, in
28 Germany, for the Canadian Pacific.

29 ME PAUL GERIN-LAJOIE: Do you refer to a
30 coasting vessel?



1 MR. RAYMOND PARENT: No, it is an ocean-
2 going ship.

3 ME PAUL GERIN-LAJOIE: That is another point
4 where it is necessary to make a distinction
5 between the ocean-going and the coasting trade.

6 MR. RAYMOND PARENT: We have noticed this
7 morning and we apologized, that the Memorandum did
8 not make a distinction between the two, for the
9 reasons we have given.

10 ME PAUL GERIN-LAJOIE: On page 48, there is
11 something which does not seem clear in the fourth
12 paragraph: "Now that trade is threatened by the
13 intrusion of British ships registered in Great
14 Britain." Will you explain what trade is
15 threatened? Do you think the goods will no longer
16 be transported? It may be something else you have
17 in mind?

18 MR. RAYMOND PARENT: Evidently, it is not
19 so much trade which is jeopardized; it will go on
20 just the same. It is our entire Canadian coasting
21 trade which is.

22 ME PAUL GERIN-LAJOIE: Very well. Now in
23 the following paragraph, on the third line: "it
24 is encouraging competition which eventually and
25 in the near future will drive away all competition
26 from Canadian registry vessels." Do you want
27 such a general affirmation? Do you believe all
28 competition will disappear or is there a certain
29 type of ships built in Canada which may be built
30 more efficiently in Canada than in foreign



1 countries, as for example ships for the transport
2 of iron ore? Can they not be built as economically
3 here in certain cases, by keeping into account
4 the specifications required elsewhere in the world -
5 in England, for example?

6 MR. RAYMOND PARENT: I believe a grammatical
7 correction is necessary. I think it would be
8 more proper to say "drive away again". I was
9 mentioning a little earlier the Levis ferries;
10 they carry out transportation on very short
11 distances and just the same, some of those ships
12 were built in England or Europe; therefore, I
13 wonder why your question needs a precise
14 answer.

15 ME PAUL GERIN-LAJOIE: On page 50, can you
16 give some enlightenment on the part called "legal
17 aspects"; you speak of a complete and necessary
18 revision of the Canada Shipping Act, 1934, so as
19 to modify certain sections which do not apply to
20 shipping. Can you indicate what are the pro-
21 visions that should be changed to be more easily
22 applicable?

23 MR. RAYMOND PARENT: I am sorry, but I am
24 not at all familiar with the Act.

25 ME PAUL GERIN-LAJOIE: I draw your attention
26 on that, you might give written explanations later,
27 for if you affirm that the revision is necessary
28 and that precise modifications would be advisable,
29 you do not indicate them.

30 MR. RAYMOND PARENT: We will add them to



the explanations we have already promised.

ME PAUL GERIN-LAJOIE: The same thing; and if you ask a transcription, you will have that before you. Now on page 51, you affirm that we have in Canada legal rights but that we need a new legislation to protect our shipbuilders. There seems to be a contradiction, that is, we have legal rights and we need a new legislation; therefore, explanations would be required. On page 53, you affirm the necessity of a change in the Act governing ocean shipping. Does this apply solely to ocean transport or solely to coasting? You could supply explanations on that matter at the same time. Now on the same page, in paragraph (C), you suggest: "the investigation and application of a legislation which would allow the Canadian ship owners to replace the obsolete ships by new and fast ships with which they could compete favourably with foreign countries." That should be amplified, "replace obsolete ships by new and fast ships with which they can compete favourably with foreign countries." There remains to show that the difficulty of Canadian ship owners to compete with foreign countries is due to the fact that they have obsolete ships. I do not think that was shown before the Commission.

Now, on page 74, to the recommendations you request in particular that the Canadian Maritime Commission includes labour representatives. Don't you think it is dangerous that a Commission



1 of that nature, the duty of which is to advise the
2 Government, be composed of representatives, in the
3 proper sense of the word, from different groups?
4 For if the workers are represented as such, the
5 ship owners and other groups interested will react
6 in the same manner. Is it not dangerous that it
7 should become a mosaic of divergent interests
8 which would consequently lack in cohesion?

9 MR. RAYMOND PARENT: It is evident that from
10 the moment several parties meet, there is a
11 possibility of clashing, but we do not think that
12 consequence is sufficient to eliminate the
13 possibility of grouping those people and to allow
14 them to have a say in the matter, for they probably
15 have divergent interests on certain occasions, but
16 it would be good for the Commission itself that
17 the members of the Commission should know it and
18 that it should bring as I said the clashing of the
19 groups; that is possible, but we believe that it
20 would be profitable for everybody and the general
21 welfare may be as well protected by representatives
22 who would come from each of the sectors; it would
23 be as well represented by such representatives as
24 by any other form of Commission.

25 ME PAUL GERIN-LAJOIE: As far as the
26 recommendation of the subventions is concerned,
27 would there be one or more alternatives to that
28 suggestion that would seem equally acceptable to
29 you? For example, I have in mind an alternative
30 to the construction of coasting vessels in Canada.



1 If instead of restricting the construction and
2 registration of ships in Canada, the Act required,
3 for example, that the entire crew be remunerated
4 and treated under identical conditions as Canadian
5 crews, would we not obtain the same effect and
6 avoid competition? With construction subsidies,
7 wouldn't Canadian ships be in a position to com-
8 pete with foreign ships by making use of the
9 necessary depreciation? Do you consider such
10 alternatives or if you have rejected them or have
11 not considered them?

12 MR. RAYMOND PARENT: There is an alternative,
13 that of increasing the duty either on the construc-
14 tion or the repair of ships effected outside
15 Canada; as a first measure then, increase the
16 tariffs; that alternative has been neglected, for
17 more and more, the general policy of the country
18 seemed to head toward free trade; then, that
19 alternative has been neglected. For the other
20 alternative, the salaries of the workers building
21 the ships could be foreseen, I believe.

22 ME PAUL GERIN-LAJOIE: The case I had in
23 mind is the operation of ships. If we have the
24 theory of construction, there remains the matter
25 of competition in operating expenses.

26 MR. RAYMOND PARENT: Yes, I think that from
27 the moment there would be equivalence in the
28 salaries, from the strict labour point of view,
29 that would offer a solution; I find it difficult
30 to apply, but the operators also have the



1 operation costs in addition to the salaries, and it
2 may be more difficult to apply.

3 ME PAUL GERIN-LAJOIE: Have you foreseen the
4 possible effects on Canadian trade in general in
5 the suggestions you submit, for its effect would
6 be to increase trade inside Canada. Would it not
7 have disadvantageous effects on trade to increase
8 for example the cost of goods received at a certain
9 destination, that it would cost more than goods
10 coming from some other place? Do I understand
11 that you have not considered the matter? Had you
12 considered finding solutions?

13 MR. RAYMOND PARENT: We asked ourselves
14 questions. We agreed that we were not competent
15 for such an investigation.

16 ME PAUL GERIN-LAJOIE: There is a last
17 question of general character. I understand under
18 what circumstances and in what outlook your
19 memorandum was prepared. But I wonder if you have
20 not considered the possible effects of the con-
21 struction of the St. Lawrence Seaway on all the
22 points you expose here. You do not mention them.
23 You expose a situation of the shipyards and
24 operations which seems deplorable and you consider
25 the matter since the war. Is it possible that
26 the effect of the St. Lawrence Seaway will be to
27 improve that situation and develop the Canadian
28 shipyards?

29 MR. RAYMOND PARENT: There are many specu-
30 lations which can be made on the matter. It is



1 true that not very much has been completed at the
2 present time. One question could condition all
3 the others. Will it be possible for the foreign
4 shipowners, for ocean-going ships, to go up to the
5 Great Lakes with their cargoes? Or will there be
6 necessary trans-shipment and will interior transport
7 be carried out by smaller ships? The question
8 will adapt itself, the facts will depend on the
9 circumstances. As for speculating and laying out
10 pure theories, we cannot do so.

11 (THE END)

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13 (Taken in shorthand and transcribed by

14 J.K.A. Chenier,
15 Court Stenographer)

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